





## Argentina Sets Amnesty For Army's Crimes in Suppression of Leftists

BUENOS AIRES — Argentina's military junta issued a law Friday providing amnesty for crimes committed during the security forces' suppression of leftist guerrilla movements between 1973 and last year, a government spokesman said.

Military sources and human rights organizations said the amnesty was mainly aimed at protecting members of the security forces accused of human rights abuse in the anti-guerrilla campaign, during which up to 30,000 people disappeared.

Argentina's military junta was anxious to pass the measure before elections on Oct. 30 to return the country to democracy after eight years of military rule, they added.

The text of the law published specifically excludes from the amnesty former guerrillas who are at present living abroad or in hiding within Argentina.

It also excludes prisoners with court convictions, although it mentions that the president retains full power to commute their sentences or grant pardons.

Argentina's two main political parties, the Peronists and Radicals, have already promised to repeal the amnesty law in Congress.

The Peronist presidential candidate, Italo Luder, has said the effects of the law will not be reversible and anyone taking advantage of its protection while it is on the statute book will be immune from future prosecution.

However, Radial Alfonsín, the Radical presidential candidate, said that any law passed by a military government and not subsequently endorsed by Congress would be invalid under civilian rule.

The amnesty law is also fiercely opposed by Argentina's human rights groups, which staged a protest march Thursday in Buenos Aires.

Hebe de Bonafini, president of the Mothers of the Plaza de Mayo, a group that has pressed the government to reveal what happened to relatives who disappeared during the repression, said: "We are going to demand that this law be declared null and void."

Human rights groups estimate that 6,000 to 30,000 people disappeared during the armed forces' anti-guerrilla campaign, which reached its height between 1976, when military rule was reimposed, and 1979.

The amnesty, officially known as "the law of national pacification," covers crimes related to the anti-guerrilla campaign between May 25, 1973, and June 17, 1982.

June 17, 1982, was the day on which the military junta headed by General Leopoldo Galtieri was defeated following Argentina's defeat by Britain in a brief war for possession of the Falkland Islands.

In an implicit admission that the armed forces were guilty of human rights abuses, the preamble to the amnesty law says:

"It must be remembered here that the armed forces have fought for the dignity of man. However, the cruel and treacherous way in which terrorist subversion established the terms of battle might have given rise to actions in the course of combat which were incompatible with this aim."



A Lebanese Army soldier crouching beneath a wall damaged by artillery shelling in the town of Souk el-Gharb.

## U.S. Navy Says Its Guns Excel Those in Lebanon

By Doyle McManus

Los Angeles Times Service

WASHINGTON — The gunnery aboard the 13 U.S. Navy ships off Lebanon is more than a match for the best artillery used by Syrian, Palestinian and Lebanese Druse forces in the hills above Beirut, according to navy spokesmen.

The nine, 16-inch guns of the U.S. battleship New Jersey, due off the coast by this weekend, are the world's largest artillery pieces, firing 2,700-pound (about 1,225-kilogram) shells that can devastate an area the size of five football fields, the spokesmen said Thursday.

The big guns of the World War II battleship boast a longer range, more firepower and greater accuracy than the Soviet-made 130mm howitzers that are the long-range artillery pieces used by the Syrians and their allies, they said.

And the five-inch guns carried by four other American vessels involved in the shelling around Beirut

fire faster and are more accurate than the 130mm, they said.

"They [the five-inchers] have a computerized control system that is accurate within 50 yards [about 45 meters]," Lieutenant Dennis Sawyer said. "We can hit what we're shooting at with relative ease."

The Syrians are not believed to possess a comparable system for their artillery, officers said.

The New Jersey's guns can fire 2,200-pound, high-explosive shells a distance of 25 miles producing craters about 50 feet wide and 20 feet deep, Lieutenant Commander Mark Neuhaus said.

"Alternatively, they have [2,700-pound] groundburst shells which can clear an area about 200 yards in diameter," he said. That is an area larger than five football fields.

President Ronald Reagan warned Wednesday that the New Jersey's big guns would be used if Syrian or Druse forces attack the U.S. fleet.

## Stretching the Pentagon

### As Global 'Flash Points' Multiply, U.S. Considers Military High Tech

By Drew Middleton

New York Times Service

NEW YORK — The deployment of two Marine amphibious units to Lebanon, the phased exercises by 5,500 soldiers in Honduras, the draft of 17,000 men to West Germany for NATO's annual maneuvers and a number of lesser operations give emphasis to an assertion the Pentagon has made for years: that, in view of the United States' global commitments, the nation's armed forces are not large enough.

The manpower problem has taken on more serious dimensions with new stress being laid on the expansion of U.S. military activity in Central America and the proposed assignment of additional troops and combat aircraft to bases in Oman, Morocco and Diego Garcia. This second step is designed to strengthen U.S. power in the Middle East with the intention of warning the Soviet Union away from any movement toward the Gulf.

The deputy secretary of defense, Paul Thayer, has decided to emphasize military power in these areas in the process of designing the 1985 military budget. Along with these recommendations were directives to the navy and air force to strengthen the security of the sea passages along which both reinforcements and vital supplies would move in time of crisis or war.

While generally applauding Mr. Thayer's proposals, ranking officers, who did not wish to be identified, said that the proposals, if met, would exacerbate the problem of finding the men and women to carry out a new and expanded strategic design that increases U.S. overseas commitments.

The U.S. inferiority in manpower is serious enough in conditions of comparative peace, military leaders say, but in "the worst case" — war with the Soviet Union — it would be disastrous.

The U.S. armed forces in uniform today number 2,116,800 members. The reserves and National Guard, when mobilized, would provide 862,600 more. The Soviet Union has 3,705,000 people under arms, plus 560,000 internal security, frontier guards and railroad and construction troops. In addition, Soviet reserves total 25 million people, of whom 5 million have served in the regular forces in the last five years.

This disparity in manpower would still exist after mobilization by both countries, which in the United States would mean the return of the draft, and the situation has stimulated debate among military planners over how the numerical inferiority can be overcome.

The introduction of advanced technology is one well-publicized proposal for overcoming the ser-

vices' numerical weakness. This technology would include electronic, optical, acoustic and other sensors, more accurate missiles and homing devices. The forces would operate in a computerized environment in which millions of pieces of information would be digested and distributed by computers.

The adoption of what some planners call "computer strategy"

### NEWS ANALYSIS

would change the nature of American defense. It would also, in the view of General Bernard W. Rogers, NATO's Supreme Commander in Europe, provide the alliance with a non-nuclear deterrent to Soviet invasion.

General Rogers argues that conventional defense based on advanced technology would have a reasonable chance of frustrating Russian attack and "would enhance the NATO deterrent and raise the nuclear threshold."

The establishment of forces based on advanced technology might solve some problems, opponents say, but it would raise others. The new weapons would require heavy financial investment and, very probably, the reorganization of the forces to meet conditions in which tanks, surface warships and fighter aircraft would be obsolete.

Two other linked questions from critics of a "high tech" reorganization are these: Will the new weapons work? If they do, who will operate them? Potential enemies may try to keep pace, but the highest intelligence sources in the West are confident that the United States is well ahead in the most advanced military technology.

The second of these questions has worried military and civilian leaders since the first advanced weapons began to appear toward the end of World War II.

Early in 1944, the British Army demonstrated a new anti-tank gun for Prime Minister Winston Churchill's approval. In the trials, the gun performed far better than anything then in Allied inventories.

After the trials, Churchill interviewed the gun crew. He found that the commander was a physicist from Cambridge and that the other crewmen had similar educational qualifications.

The British Army, the prime minister informed a cluster of generals, would fight the Germans with men with grade school education and limited technical knowledge. Therefore, he stressed, they had better forget about this gun and find one that could be operated by "boys six months away from the farm or the factory."

With U.S. forces around the world stretched too thin and the prospect that new international flash points will develop, many of Washington's military planners see the high technology solution as the most attractive to a society proud of its technological expertise.

But others point out that although advanced military technology may be all its proponents contend, the computers, the sensors and precise munitions will not be available until close to the end of this decade.

"In the meantime, we may have to deal with half a dozen situations involving American interests out there back of beyond," a retired admiral said, "and out there, high tech means a marine or a soldier with a rifle."

## Polish Paper Attacks Role Of the Church

By Christopher S. Wren

New York Times Service

WARSAW — The Roman Catholic Church in Poland has come under attack in a Communist newspaper, as strains between state and church appear to be growing.

The weekly *Polityka* charged Thursday that opponents of the state were operating "in the shadow of the church" and questioned what it called a silence by the state about church activities.

It said the state should be fair toward the church and believers "but that should not mean silence in response to negative influence of the church in the past and the present deviation of religious life into church-opposition contacts."

The article was published after a complaint was made by Polish bishops Wednesday that crosses were being removed from schools and factories.

Western diplomats said the removals could indicate a new policy by the government that schoolrooms and workplaces are inappropriate places for the display of religious symbols.

The diplomats believe that the *Polityka* article followed a directive from Poland's Politburo to newspaper editors to step up such attacks as the party attempts to restore its authority.

*Polityka* said: "The opposition, seeing the fruitlessness of open confrontation with the authorities, changed the form of confrontation to the shadows of the church."

The newspaper added that "full neutrality" by the party "would be possible, were the activities of the church limited to clearly religious spheres."

In another attack, the weekly political magazine *Perspektywy* criticized the Rev. Henryk Jankowski, family priest of Lech Walesa, the leader of the banned Solidarity union, accusing him of seeking a greater political role for the church.

## WORLD BRIEFS

### Negligence Trial Ends in Seveso Case

MONZA, Italy (Reuters) — Five executives accused of criminal negligence in a 1976 chemical plant explosion that released toxic dioxin over the Italian countryside were awaiting the judges' verdict Friday at the close of their five-month trial.

None of the defendants, three Swiss, a German and an Italian, were present as lawyers wound up their cases in Monza's courthouse. The prosecution has asked for prison terms ranging from three and a half to six and a half years.

The disaster happened when a chemical reactor at the Seveso plant overheated and blew up on July 10, 1976, spreading dioxin over 1,800 hectares (4,500 acres). The chemical killed animals, caused acute skin ailments in people and led to the evacuation of the entire commune of Seveso.

### Talks on Hong Kong Future Adjourn

BEIJING (UPI) — China and Britain ended their fourth round of talks on the future of Hong Kong Friday as the British colony's currency hit an all-time low and stocks tumbled steeply in an escalating crisis of confidence.

Both sides agreed to continue negotiations Oct. 19 and 20 in Beijing but made no comment on this week's two-day session.

Business confidence in Hong Kong has been wavering since the talks began in July and plummeted last week as the latest round of talks approached. The Hong Kong dollar dropped from 8.26 to the U.S. dollar to 8.80 Friday, the seventh record rate in as many days.

### Labor Delays on Shamir's Invitation

TEL AVIV (UPI) — The opposition Labor Party put off Friday for at least two days its decision on Prime Minister-designate Yitzhak Shamir's offer to join a national unity government.

Labor's 15-member executive committee consulted for four hours behind closed doors and then decided to call a series of meetings Sunday to make the final decision. Labor sources held out very little hope that the party would accept Mr. Shamir's invitation.

In an interview with the newspaper, Yehoshua Alon, Mr. Shamir, who belongs to the Likud bloc, said he intended to offer Labor a "joint action plan" in political, defense and social affairs as well as cabinet representation "commensurate with Labor's parliamentary strength." The key posts of defense and foreign affairs are among those Labor could have in an expanded government, according to some Likud sources.

### Kohl Policy Test Seen in 2 State Votes

FRANKFURT (AP) — Chancellor Helmut Kohl's right-centrist coalition faces important electoral tests Sunday in balloting for the Hesse and Bremen legislatures — two states ruled by the Social Democrats since 1945. The elections will be the first since the Kohl coalition won a resounding victory in national parliamentary elections in March.

Both states are strongholds of the Social Democrats and the Greens party, which opposes the stationing of U.S. troops and the stationing of U.S. troops. Mr. Kohl's conservative Christian Democrats and the moderate Free Democrats do well in the balloting, it may be seen as an endorsement of the Bonn government's pro-deployment strategy.

Unemployment, apprentice training programs and welfare spending are also major issues in both states. The hottest issue in the Bremen election is a plan to slash jobs at recession-plagued shipyards.

### For the Record

MOSCOW (Reuters) — The Soviet Union has described U.S.-Japanese naval maneuvers due to begin next week as provocative and a dangerous game near Soviet borders, according to Tass.

RIYADH (AP) — Saudi Arabia marked its 52nd birthday Friday without the customary fanfare as the government has ordered all celebrations canceled in view of conditions of disunity and bloodshed in the Arab world.

BONN (Combined Dispatches) — Chancellor Helmut Kohl and Prime Minister Bettino Craxi of Italy affirmed their support of new U.S. arms reduction proposals during talks here Friday.

### Clarification

WASHINGTON (AP) — An Associated Press photograph of Secretary of State George P. Shultz published in Friday's International Herald Tribune carried a misleading caption. The photo showed Mr. Shultz sitting next to the Marine Corps commandant, General Paul X. Kelley, at a hearing Wednesday of the House Foreign Affairs Committee on the presence of U.S. Marines in Lebanon. In the picture, Mr. Shultz's hands were pressed to his face.

The caption distributed with the photo by The Associated Press said: "Secretary of State George Shultz covers his face as Marine Corps Commandant Gen. Paul X. Kelley refers to the troops 'who were sent to Vietnam a year ago,' and corrected himself to say 'into Lebanon' while testifying before a House Foreign Affairs Committee on the presence of U.S. Marines in Lebanon. Kelley's misstatement caused a few gasps in the room. He called the remark 'a Freudian slip.'"

A review of videotape showed a lapse of approximately seven seconds between General Kelley's misstatement and Mr. Shultz's action. The tape showed Mr. Shultz rubbing his face in what might have been a gesture of weariness rather than the reaction to General Kelley implied in the caption.

Efforts on Thursday by The Associated Press to get from Mr. Shultz his own account of the incident were unsuccessful. His press spokesman, John Hughes, said the secretary had seen the picture and said nothing about it.

## Qiao Guanhua, 70, Dies; Former Beijing Minister

By Christopher S. Wren

New York Times Service

BEIJING — Qiao Guanhua, 70, a former Chinese foreign minister who fell into disgrace for his purported connections with the radical faction now castigated as the Gang of Four, died of lung cancer Thursday.

The Chinese news agency, in reporting Mr. Qiao's death, omitted any mention of his previous career and identified him only as an adviser to the Association for Friendship with Foreign Countries, a post in which he surfaced last February after more than six years in obscurity.

Mr. Qiao, an urbane journalist who turned diplomat, was a protégé of Chou En-lai. Mr. Qiao led Beijing's first delegation to the United Nations in 1971 and played a role in the normalization of relations with the United States.

He became foreign minister in 1974, but was dismissed in late 1976 following the arrest of Jiang Qing, the widow of Mao, and the other members of the Gang of Four. One of the charges was that his second wife, Zhang Hanzhi, was a close friend of Miss Jiang, who is now in prison.

Mr. Qiao was born in Jiangsu province, the birthplace of Chou, in 1913. He studied philosophy at Qinghua University in Beijing and then went to Germany to earn a doctorate at the University of Tübingen. He became fluent in English as well as German.

He returned to China shortly before the outbreak of war with Japan and joined the propaganda department before making his reputation as a leftist journalist. By one account, he joined the Communist Party in 1940.

He lived for a while with Communist guerrillas near Guangzhou before arriving in China's wartime capital of Chungking.

After the Communists took power, he accompanied Chou on travels abroad. Mr. Qiao's first wife, Chou Fang, another disciple of Chou, headed the Foreign Ministry's Information Department for nearly 10 years.

After she died in 1970, Mr. Qiao married Miss Zhang, who had been an English-language interpreter with the first Chinese mission to the United Nations.

Mr. Qiao worked closely with Chou in developing the first cautious contacts with the United States. He and Henry A. Kissinger drafted the Shanghai communiqué during President Richard M. Nixon's visit to China in 1972.

While foreign minister he addressed the UN General Assembly in 1976, only to return home to be replaced by Huang Hua, who stepped down as foreign minister nearly a year ago.

Barbara Mayer Wertheimer NEW YORK (NYT) — Barbara Mayer Wertheimer, 57, an authority on the history of women in the union movement, died of cancer Tuesday in Lakeville, Connecticut.

Mrs. Wertheimer was a professor at the New York State School of Industrial and Labor Relations of Cornell University and was director of the Institute for Women and Work at Cornell.

Her best-known work was "We Were There: The Story of Working Women in America," published in 1977.

Other deaths: Tursunay Akmurova, 46, a member of the Central Committee of Uzbekistan, after a long illness, Lvstia said Thursday. Mrs. Akmurova was a brigade foreman on a cotton farm in the region of Chirchik. "Until her last days, she headed the cotton-growers' team," the obituary said.

(Dorothy) Dave Gardner, 67, the popular Southern comedian, after a heart attack on a movie set in Myrtle Beach, South Carolina.



POLICE VS. SQUATTERS — Two riot policemen dumped a communal soup pot into a stream outside Santiago Thursday as they drove several thousand homeless Chileans from a field they had occupied. But 1,000 people returned to the tent city Friday and demanded that the government of President Augusto Pinochet give them a permanent place to live.

## Spain Narrowly Averts Nationwide Steel Strike

Reuters

MADRID — Spain's Socialist government narrowly headed off a nationwide steel strike Friday and also announced plans to hold wages in the public sector below the level of inflation next year.

Economy Minister Miguel Boyer, who presented the details of the 1984 budget, said public sector raises are to be kept to 6.5 percent next year, well below a forecast of an 8-percent inflation rate.

He also proposed a slight rise in maximum average income tax, a step-up in the fight against tax fraud and maintaining corporate income tax at current levels.

Mr. Boyer said the principal

aims of the budget, which now goes to parliament for debate, were to encourage investment in the public sector and the creation of new jobs.

The Socialists made an election promise last year to create 800,000 new jobs. Spain's registered unemployment in July stood at 2.16 million, or 16.5 percent of the active population.

The budget of 8,536 trillion pesetas (\$57 billion) compared with a 1983 budget of 7,315 trillion pesetas.

The planned 1984 budget deficit is 1,351 trillion pesetas. This is above the 1,100-trillion deficit of this year's budget, but represents a fall to 5.5 percent of gross domestic product from 6 percent in 1983.

The budget was announced soon after industry officials averted confrontation with steelworkers protesting government plans to overhaul top-heavy industries.

Management and workers at the state-owned Sagunto plant reached a compromise solution to head off a national steel strike after workers were threatened with sanctions.

## Senate Votes For U.S. Ties With Vatican

The Associated Press

WASHINGTON — The Senate has voted unanimously to permit the re-establishment of formal diplomatic relations between the United States and the Vatican, which were suspended more than a century ago.

The "courageousness of Pope John Paul II" and his presence as a force for freedom and human rights were cited by Senator Richard G. Lugar, the bill's sponsor, as the impetus for the action.

Mr. Lugar, an Indiana Republican, said "the time is long overdue" for the United States to recognize the Vatican's status as a sovereign nation, as more than 100 nations already do.

The Senate action would actually lift an 1867 prohibition on the expenditure of U.S. funds to pursue diplomatic relations with the Vatican. A similar bill has been introduced in the House.

## Belgian Strikers Split Along Regional Lines

Reuters

BRUSSELS — Striking public service workers tricked back to work in northern Belgium Friday, but the threat of a general strike that would include private industry hung over the French-speaking south.

The eight-day-old action to protest government plans to cut pay and benefits as part of an austerity budget appeared to be splitting along regional lines.

In Brussels and the south, there were no trains, buses or trams. Millions of letters remained piled up at idle post offices and growing mountains of garbage festered in the streets.

But in the Flemish-speaking north, public transport and mail delivery were reported returning to normal.

Acting Prime Minister Jean Gol said after a cabinet meeting that there was "a certain relaxation of the climate" on the social front.

Two of Belgium's three public sector unions accepted on Thursday a compromise with the center-

right government and voted to resume work. But the key Socialist-led Belgian General Labor Federation was considering calls to extend its action.

The partial normalization in the north suggested the government may have isolated the Socialist union and broken the back of the protest movement without making major concessions over its cuts.

More than 20 percent of Belgium's total work force is employed in the public sector and the government is determined to slash its enormous budget deficit.

The Socialists are strongest in the depressed heavy industry area of French-speaking Wallonia, where some private sector workers have already begun strikes.

The industrial cities of Liège, Charleroi, Namur and Mons were still paralyzed Friday with union militants calling for the movement to be extended to private industry.

The key port of Antwerp, where about 150 ships were stranded, was still strike-bound.

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## AMERICAN TOPICS

### Feet People

Since President Ronald Reagan used the phrase in June to describe the "tidal wave of refugees" that, he warned, could inundate the United States, if communism spreads in Central America, the White House has repeatedly evoked the "feet people"—the Western Hemisphere's equivalent of Asia's "boat people"—to rally public support for U.S. policy in the region.

Polls show more than three-quarters of the voters would feel "great concern" about such an influx, according to presidential aides. They say that fear of these potential immigrants and the specter of racial and economic friction bring home graphically what the administration believes are the stakes in Central America.

The "feet people," who so far exist more in Washington's political vocabulary than on the Rio Grande, are also a factor in the continuing struggle over a new immigration law.

Many refugees might apply for special status as victims of political persecution. So some members of Congress want to establish quickly a tougher set of entry rules designed to prevent this tradition of asylum being available to large numbers of people.

### Lecture Circuit

The national lecture circuit, a market traditionally dominated by after-dinner humorists and so-called "motivational speakers" explaining, for example, how to lose weight, has a new roster of top draws: outspoken economists such as Alan Greenspan and Milton Friedman and prominent (and sometimes controversial) figures of American industry, such as Chrysler's flamboyant chairman, Lee A. Iacocca, William Agos, the man at the center of the Bend-Singer-Martini merger fight, and Tom Peters, author of the best-selling study of successful corporations, "In Search of Excellence."

The popularity of business subjects apparently reflects Americans' concern over economic issues, according to Harry Walker, whose New York agency handles 3,000 bookings nationwide annually.

The tycoons don't come cheap. William Simon, former Treasury secretary and now a business consultant, gets up to \$15,000 an appearance plus expenses—which can include airfare, a limousine and even a bodyguard.

Big-time women speakers are still a rarity. Among the few who command at least \$5,000 per appearance are Juanita Kreps, former secretary of commerce, Mary Cunningham, vice president at Joseph E. Seagram & Sons (and now Mrs. William Agos), Jane Cahill Pfeiffer, former board chairman of NBC, and Rosebeth Moss Kanter, a sociologist and consultant.

### Industrial Research

The Reagan administration backs changes in anti-trust laws to let companies that normally compete against each other to work together on research and development projects. The Pentagon this week allowed eight New England high-technology firms to form a joint venture, known as Small Business Technology, to pursue defense contracts.

The driving force behind the administration's policy is a desire to let U.S. firms pool their resources on expensive new technologies and improve their competitiveness against foreign countries.

President Reagan has asked Congress for legislation to protect fully disclosed joint ventures in research and development from private anti-trust and government damage suits—except in cases where price-fixing resulted.

### One-Liners

A court judgment has ordered the Planned Parenthood Federation of America restored to the Combined Federal Campaign.

paign, a government-sanctioned charity drive among federal employees, overruling Donald J. Devine, director of the Office of Personnel Management, who acknowledged a bias against the organization because it provides abortion referrals.

Richard M. Nixon is paying an undisclosed amount to quickly print and distribute at his own expense his new book, "The Real War," which he is sending out this month to 600 officials and opinion-makers in the United States and abroad to support, among other things, Reagan administration policy in Central America.

Paperback rights to Umberto Eco's "The Name of the Rose," the Italian novel translated by William Weaver that hovered all summer at the top of the best-seller list, sold for \$550,000—a record for a translation.

Jean Gerard, highly regarded U.S. ambassador to UNESCO, was told in recent Washington consultations that she will be staying on despite published reports that she was about to be replaced by James S. Roosevelt, Nancy Reagan's chief of staff.



Pamela Harriman

### People

Pamela Harriman, British-born wife of W. Averell Harriman, the multimillionaire statesman, has become a leading fund-raiser for the Democrats. Mrs. Harriman's political action committee, nicknamed "PamPac," is praised by party leaders for raising funds and helping dispel the discouragement following President Carter's defeat in 1980. Mrs. Harriman, 62, once married to Winston Churchill's son Randolph, then to Leland Hayward, the late Broadway producer, became a celebrated political hostess in Washington after her 1970 marriage to Mr. Harriman.

Cesar Chavez, who led the successful battle to establish the first U.S. farm workers' union in the 1960s, is trying to transform his union, the United Farm Workers, into a broader-based political force. The union is now having trouble coping with illegal immigrants, and unionization has not kept pace with new acreage. Mr. Chavez says he has formed a "Chicano lobby" to help Democratic candidates, and he wants to revive the economic boycott against stores selling nonunion produce—a weapon that proved effective 20 years ago.

John V. Lindsay, 61, mayor of New York from 1966 to 1973, has turned his gaze toward foreign affairs from his Rockefeller Center law office, Webster & Sheffield. About a third of his financial and international law work is now conducted abroad, and he has agreed to serve as an international representative in the campaign by Mayor Edward I. Koch to woo business to the city.

### Base Fishing

Base-fishing contests offer such lucrative prizes that anglers have started to cheat, smuggling in big fish and claiming thousands of dollars.

The Texas Bass Association, which sponsors such tournaments, has started to subject winners' fish stories to lie-detector tests. The association says a fish-smuggling ring has garnered more than \$250,000 in four Southern states, where contests carry total prize money up to \$100,000.

State officials say cheaters simply hide a big fish in their boats and turn them in to claim the prize.

# Aide Indicates Reagan Visit to Manila Becoming Less Likely

By Bernard Weinraub

New York Times Service

WASHINGTON — A White House official has said that clashes between Philippine security forces and anti-government demonstrators in Manila might make it "very difficult" for President Ronald Reagan to proceed with a visit to the Philippines.

The official also said Thursday that Mr. Reagan's wife, Nancy, was "very concerned" about the dangers to Mr. Reagan in light of the assassination last month of former Senator Benigno S. Aquino Jr. Mr. Aquino was killed at Manila airport minutes after returning from three years of self-imposed exile in the United States.

The White House official said that, as of now, the stop in the Philippines was still part of Mr. Reagan's itinerary for his Asian tour in November, but that he believed that the violence in Manila was making the visit less likely.

On Wednesday, Mr. Reagan told a group of broadcasters that the visit was on "at this point, and other administration officials have said that the president wanted to go ahead with it."

Elliott Abrams, assistant secretary of state for human rights and humanitarian affairs, said Thursday that the State Department was recommending that Mr. Reagan go ahead with the trip.

Mr. Abrams later told the House subcommittee for Human Rights and International Affairs that there was a "mixed human rights picture" in the Philippines marked by some political opposition, but that there were also "continuing reports of torture and summary executions by the military."

He said that although there were "not huge advances in human rights" in the Philippines, "on balance things are not getting worse but a little bit better."

Since Mr. Aquino's assassination, he added, "public emotions were simply too great to be bottled up."

"It's noteworthy," he said, "that in the last month the exercise of free speech, free press and free assembly has improved greatly."

"For example, the TV coverage of the Aquino funeral was awful, biased and played down on what must have been the instructions of the government. But the TV coverage of the demonstrations in the last few days has been much more accurate and newspapers have been much more forthcoming."

A former foreign minister of the Philippines, Raul S. Manglapus, told the House panel that the United States was "paralyzed" in its dealings with President Ferdinand E. Marcos because of U.S. requirements for naval and air facilities in the Philippines.

"America does not want to rock the boat, but fast-moving developments in the Philippines tell us that the boat is hopelessly leaking," Mr. Manglapus said. "Is the U.S. paralyzed by policy inertia that it is prepared to go down with that boat? Or will it at last allow itself to be joined by that shot on the Manila

airport tarmac and come forth with a bold and creative policy on those bases?"

He urged that Mr. Reagan's visit be canceled, that an international commission investigate the Aquino slaying and that the Association of Southeast Asian Nations, joined by China, take over the U.S. bases.

Another opposition figure, Bishop Francisco F. Claver of Malaybalay, spoke of "pain" and "anguish" suffered by the Philippine people in "what amounts to a massive and protracted denial of their dignity as people."

## House Approves Boost In U.S. Social Spending

By Bernard Weinraub

New York Times Service

WASHINGTON — Democratic leaders succeeded Thursday in winning House approval of \$300 million more for education and job training with the passage of a \$96.5-billion measure to finance a broad range of social service programs.

The appropriation bill, approved by a vote of 310 to 101, provides funds for the Departments of Health and Human Services, Labor and Education, as well as some other federal programs. The bill exceeds President Ronald Reagan's requests by about \$3.8 billion, but it is about \$4 billion below the budget ceiling set earlier by Congress.

The Democratic victory, after some lively debate, was the first part of a planned double assault on Mr. Reagan's efforts to cut spending for various domestic programs.

The second move will come within the next week or so when the Democrats seek another \$450 million or more for education programs as part of a catchall resolution to finance government agencies into the 1984 fiscal year, which starts Oct. 1.

At the same time, the Census Bureau reported Thursday that changes in federal aid programs made at Mr. Reagan's request had prevented an increase in the total number of households receiving food stamps, Medicaid and other federal aid last year despite an increase in poverty and unemployment.

A total of 14.6 million households received benefits from one or more of the programs last year, about the same number as in 1981, the bureau reported.

The number of households receiving benefits under Medicaid, the federal-state program of medi-

cal assistance for the needy, declined 5 percent, to 8.1 million, the bureau said.

Charles T. Nelson, a Census Bureau statistician, said, "In past years, when the poverty rate increased, there were increases in the participation rates for non-cash benefit programs. But that did not happen in 1982." The main reason, he said, is that "there was a little tightening up of the programs in 1981." Stricter eligibility rules started to take effect in late 1981, but the full effects were not felt until last year.

The results of the study strongly suggest that Mr. Reagan has succeeded in his campaign to control the growth of these programs.

Unemployment reached a post-Depression high in December 1982, when more than 12 million Americans were out of work. The national poverty rate rose last year to 15 percent, the highest in 17 years. A family of four fell below the poverty line last year if it had cash income of less than \$9,862.

Of the households receiving non-cash benefits under the major federal programs, 50 percent had incomes below the poverty line in 1982. The poverty rate among food stamp recipients rose from 67.5 percent in 1981 to 72.3 percent in 1982. This statistic shows that most of the people on food stamps really are poor, economists said. The increase from 1981 reflects the Reagan administration's effort to "target" benefits to the people it describes as truly needy.

The report showed that about one in six households received food stamps, Medicaid, housing assistance or school lunches in 1982, the same proportion as in 1981. But 40 percent of households below the poverty line did not receive any of these benefits, it said.

## U.S. Command Post Plane Is Moving Inland

By Walter Pincus

Washington Post Service

WASHINGTON — The special plane the president would use as a command post in the event of nuclear attack is being moved from Andrews Air Force Base here to an inland base that would be safer from submarine-launched missiles.

Nuclear war planners have long worried that a Soviet submarine off the East Coast could launch missiles that would hit Washington targets with less than 10 minutes' warning, which would not be time enough for a helicopter to pick up the president at the White House and fly him to Andrews.

To help the president escape such an attack and prevent what the planners call "the de-

capitation of the government," the Pentagon decided to put the command post aircraft "at two different bases in the interior of the United States," according to Donald C. Latham, deputy undersecretary of defense for command, control, communications and intelligence.

Mr. Latham's testimony, given to a closed session of the House Appropriations Committee's defense subcommittee in May, was declassified and released last week.

The location of the two bases is "highly classified," according to congressional sources. One source said a primary base would be selected, with the second serving as an alternative "in the event of bad weather."

How the president would reach the airborne command post, which is a specially

designed Boeing 747, was deleted from the testimony.

Pentagon officials have been trying to get White House agreement for moving the airborne command post "since the Nixon administration," one source said.

Presidents have refused in the past, this source said, for political reasons. The presence of the plane at nearby Andrews "sends a signal" that there is a means of getting the president to safety in a crisis, he said.

The plan to move the plane is more relevant today, sources said, because of estimates that the Soviet Union may deploy additional missile-firing submarines off the mainland in response to the introduction of U.S. Pershing-2 and cruise missiles in Europe.

## USIA Comes Under Fire in Senate

By Howard Kurtz

Washington Post Service

WASHINGTON — Charles Z. Wick, director of the U.S. Information Agency, has received a mixed reception in Capitol Hill, drawing praise for his efforts to discredit the Soviet Union but criticism for approving a \$58,883 grant earmarked for an agency consultant.

Mr. Wick on Thursday replied to the tape that the United States aired at the United Nations, on which Soviet pilots are heard as one of them shot down a South Korean airliner Sept. 1.

Mr. Wick said preparation of the tape was "one of the finest hours for the USIA."

But the tone of the Senate Foreign Relations Committee hearing soon turned more critical.

Senator Edward Zorinsky, a Nebraska Democrat, disclosed that Mr. Wick had signed a waiver allowing Roy Godson, director of the Washington-based National Strategy Information Center, a nonprofit consulting group, to continue as a \$175-a-day USIA consultant on youth issues while lobbying for an

agency grant to his organization.

Mr. Wick acknowledged that this was "a blatant conflict of interest," but said: "That doesn't necessarily mean there can't be a benefit to the agency... if there is an awareness of the conflict."

He added: "I signed a waiver that the conflict involving Roy Godson was one that, if monitored, was not against the interests of the agency."

Senator Zorinsky then asked: "Charlie, in this fishbowl that you live in and I live in, don't you feel that when it's determined a conflict of interest exists... the credibility of the organization be beyond reproach?"

Mr. Wick replied: "If what you're saying, senator, is that any time there's a conflict of interest, then the cause must be abandoned, that's something I personally do not subscribe to."

"That's where you and I basically differ," Mr. Zorinsky said. Mr. Godson resigned Wednesday as a USIA consultant, saying he did not see a conflict between his dual roles but wanted to avoid congressional criticism.

According to Mr. Zorinsky, the USIA is completing a \$58,883 grant, just below the \$60,000 level that requires congressional review, to the International Youth Year Commission, designated by the United Nations to coordinate a worldwide youth celebration in 1985.

Senator Zorinsky said the group planned to pass on the money to Mr. Godson's group, which had been criticized by USIA inspectors

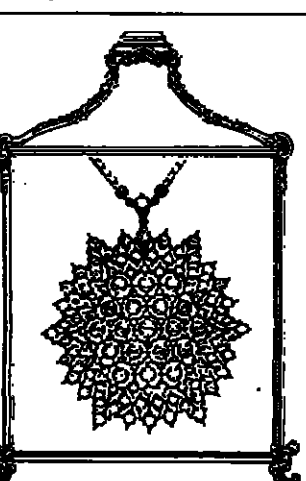
on an earlier grant for not following affirmative action procedures.

Senator Zorinsky said an internal USIA inspection report had found flaws in the USIA's private sector grant program, which has been criticized as overly political.

### Shelling of Thais Reported

Reuters

BANGKOK — Thai territory came under Vietnamese artillery and mortar fire during heavy fighting between Cambodian guerrillas and Vietnamese forces near the Thai border Thursday and Friday, military sources said.



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## Spurred by Korean Plane Disaster, Experts Seek to Prevent Recurrence

By Richard Witkin

New York Times Service

WASHINGTON — Aviation experts are working on measures to prevent a repetition of the South Korean airliner disaster.

The proposals are being prepared for a special international meeting in Montreal next month, which was called at last week's extraordinary council session of the International Civil Aviation Organization. Following are measures receiving the strongest support from technical groups:

• Ensuring that military control centers can communicate with off-coast planes on the emergency standby radio frequency that crews are supposed to monitor during flights.

• Improving communications links between air-traffic centers across national borders and between military and civil installations within each country.

• Transmitting flight plans of all routine flights scheduled to skirt Soviet airspace ahead of time to Soviet authorities to avoid doubts about the intent of a plane that innocently veers off course. This would also apply to other countries with sensitive areas.

• Improving international procedures and radio phraseology to ease contact.

• Requiring planes flying between Alaska and Japan to obtain positive confirmation of their position from radar installations, which could be installed on the island of Shemya in the Aleutian Islands.

It is widely believed that the Korean Air Lines flight was well off

course when the crew radioed that it was over its proper "way point," or checkpoint. Ultimately, the Boeing 747 cut across the lower tip of the Kamchatka Peninsula and the southern tip of Sakhalin Island, where a Soviet fighter shot it down.

Shemya Island, about 130 miles (200 kilometers) from the way point and more than 1,400 miles from Anchorage, Alaska, is the site of important U.S. air defense installations.

"The best thing would be never to have the interceptors take off," says Duane Freer, director of the ICAO Air Navigation Bureau in Montreal. "If it's a question of identifying an intruder, why not do it by location and radiating the plane to identify itself?" he said in an interview.

The formal task of seeking agree-

ment on improvements in techniques for averting future incidents has been assigned by the ICAO Council, its governing body, to the 15-member Air Navigation Commission.

Any significant agreements reached in the commission would go to the 151 member countries of the international organization and would ultimately have to be approved by the council.

By the time the experts' formal technical deliberations get under way next month, they are expected to have a preliminary report on an inquiry by the organization into all aspects of the downing of the Korean plane.

One of the first steps taken by the United States after the disaster was an authorization from President Ronald Reagan to the Federal Aviation Administration to look into speeding development of a civil version of a global positioning satellite that the Defense Department is working on.

The consensus is that such a system could provide better navigation accuracy than the inertial navigation systems that are now the prime tools in transoceanic flights.

U.S. Protests to Moscow

The U.S. Embassy in Moscow has complained to Soviet officials that Soviet ships interfered with American vessels searching for the cockpit recorder of the South Korean airliner, The Associated Press reported from Moscow Friday.

The protest has so far not produced any response from the Soviet Union, a senior U.S. official said. He did not elaborate.

### First Joint War Games Planned by Gulf States

The Associated Press

ABU DHABI, United Arab Emirates — The six states of the Gulf region will stage their first joint military maneuvers early next month as part of their plans to form their own regional rapid deployment force, it was announced Friday.

Named Peninsula Shield, the three-week war games will be held in the desert area of the United Arab Emirates and include land units from Saudi Arabia, Kuwait, Qatar, Bahrain, Oman and the Emirates.

He said he assured the South Africans that they need never fear invasion from their black neighbors. He also urged them to negotiate directly with black nationalist leaders currently imprisoned or exiled. "I'm still waiting for a reply," he said.

Vulnerable as South Africa's

black neighbors are, he said, they could not submit to Pretoria's pressure to act against exiles of the underground African National Congress.

The congress has its political headquarters here, but South African pressure on Zambia has been less obvious than on nations like Mozambique and Lesotho that are directly on its borders. Yet Mr. Kaunda said that as early as 1969, South Africa had given military training to disaffected Zambians in an attempt to overthrow his government.

The abandonment of the multi-party system in Zambia, the president said, was what finally stopped South Africa from financing opposition movements here. In his words, Zambia now has "an entrenched people's system," which will express itself next week at the polls when the nation is called on to support his unopposed candidacy for another five-year term.

## UN Official Dismisses Talk of Move

(Continued from Page 1)

spend six months in New York and then six months in Moscow, was made by Mrs. Kirkpatrick on the ABC News program "Nightline" Tuesday night.

Mr. Reagan made the same suggestion Wednesday. For the delegates, the split tour of duty "would give them an opportunity to see two ways of life," he said.

### Senate Votes UN Cut

The Reagan administration and Republican congressional leaders Friday sought ways to overturn a Senate vote to slash U.S. financial support of the United Nations. The Associated Press reported from Washington.

But the move's leader, Senator Nancy Landon Kassebaum, Republican of Kansas, vowed to fight for the cuts. "Why would I back off?" She said. "I was doing it to make a point. I was doing it to bring about a change."

Republican leaders faced little chance of getting the Senate to reverse its 66-23 vote of Thursday to chop funds to the world organization by nearly \$500 million over the next four years. But they were optimistic that the cutback could be delayed later.

The amendment reduces the U.S. contribution to the United Nations by 21 percent in the fiscal year that begins Oct. 1, then by another 10 percent in each of the next three years.

Backers of the amendment cited escalating costs of running the organization and what they said was a lack of respect by UN members toward the host nation. The United States contributes 25 percent of the UN budget.

A senior U.S. official said Mr. Reagan plans to complain to the United Nations next week that he is tired of "the tendency toward a double standard" among UN members who are quick to denounce Western nations but tolerate bad behavior from the Soviet Union and its allies.

### One Dies as Bomb Hits U.S. Center in Korea

United Press International

SEOUL — A bomb exploded at the U.S. cultural center in the provincial city of Taegu Thursday, killing one person and injuring five, police said.

The government ordered heightened security around foreign missions in Seoul and other areas of the country. No group had claimed responsibility for the bomb.

## Kaunda Says U.S. Is Accomplice of South Africa in Angola

By Joseph Lelyveld

New York Times Service

LUSAKA, Zambia — President Kenneth D. Kaunda, expressing frustration over the diplomatic stalemate in southern Africa, is now accusing the Reagan administration of being an accomplice of South Africa in Angola.

In an interview, the Zambian leader contended that Washington's approach to the tangled issue of the independence for South-West Africa, the disputed territory commonly known as Namibia, had "allowed time" for South Africa to bolster the Angolan rebel force led by Jonas Savimbi.

"What the Reagan Administration is doing," Mr. Kaunda said, "is to enable Savimbi to build up his forces with the help of South Africa."

It has been nearly five months since the last known negotiations between the United States and An-

gola over the withdrawal of an estimated 23,000 Cuban troops. In that time the Savimbi force, the National Union for the Total Independence of Angola, has markedly extended operations beyond southwestern Angola, where it has access to South African supply lines.

The result is that a Cuban withdrawal, supposedly the only remaining condition for a South African pullout from the adjacent territory of Namibia, seems even less likely than before the last negotiations.

President Kaunda said he helped the Reagan administration make its initial contacts with the beleaguered regime of President José Eduardo dos Santos in Luanda last year, because he was convinced then of Washington's seriousness. "Really, what has followed has dismayed me a great deal," he said.

The failure of the United States to restrain South Africa in Angola,

he said, demonstrated that Washington was so preoccupied by the Cuban troops that it had not seen its own interests clearly. "There is Angola, which is still allowing American companies to exploit oil. Cuban troops are even guarding American business enterprises," he said. "And yet the American government cannot recognize the Angolan government."

"I said to President Reagan and other American leaders, 'Why do you take South Africa as a partner and not us?' We continue to sell you cobalt. Angola sells its oil. Mozambique is prepared to let your companies explore for oil. ... So where have we gone wrong?"

The West's real interest in Africa, he seemed to be saying, is minerals. But he contended that Washington only feels its interests are involved in an important way when an issue can be defined in terms of the East-West conflict, and thus was prepared to use economic

sanctions in Poland but not South Africa.

"In Poland you say, 'Solidarity move on. We support you.' Here you say, 'Be patient. They're thinking of making changes,'" he said. "The same months, the same minds. How is it possible? The West is in for some rude shocks in South Africa because of these double standards."

His own direct dealings with the white leadership in South Africa were attempts, as he described them, "to find out whether we can work out ways and means of softening the explosion which is bound to come."

He said he assured the South Africans that they need never fear invasion from their black neighbors. He also urged them to negotiate directly with black nationalist leaders currently imprisoned or exiled. "I'm still waiting for a reply," he said.

Vulnerable as South Africa's

black neighbors are, he said, they could not submit to Pretoria's pressure to act against exiles of the underground African National Congress.

The congress has its political headquarters here, but South African pressure on Zambia has been less obvious than on nations like Mozambique and Lesotho that are directly on its borders. Yet Mr. Kaunda said that as early as 1969, South Africa had given military training to disaffected Zambians in an attempt to overthrow his government.



## ARTS / LEISURE

## 179 Galleries Jam Art Fair in Paris

By Michael Gibson

PARIS — The International Fair of Contemporary Art (FIAC) celebrated its 10th anniversary at its Friday opening in the Grand Palais as crowds of visitors struggled through the course to glimpse some of the 5,000 works brought in this year by 179 galleries. Half of the participants are French, the other half of the space being shared by entries from 18 other countries.

One hundred and twenty-five of the galleries taking part have chosen to organize one-man shows (more often than not they are, in fact, two- or three-man shows) and many of these are of excellent quality, the bulk of the show being occupied by artists of proven durability. Galleries featuring younger artists are grouped in a section called New Tendencies in the darker recesses of the building, and there is probably some sociological inference to be drawn from the fact that the majority of them are run by women: Farideh Cadot, Gillespie-Salomon-Laage, Bama (run by Ninon Robelin), Giuliana de Crescenzo, Catherine Issert or Chantal Crousel-Ghislainne Hussenot. These all offer a very mixed bag of artists, ranging from raw and funky (Luciano Castelli), minimal elegant (Richard Long), to controlled-refined (Tom Phillips).

Among about 20 new participants this year are the Parosol

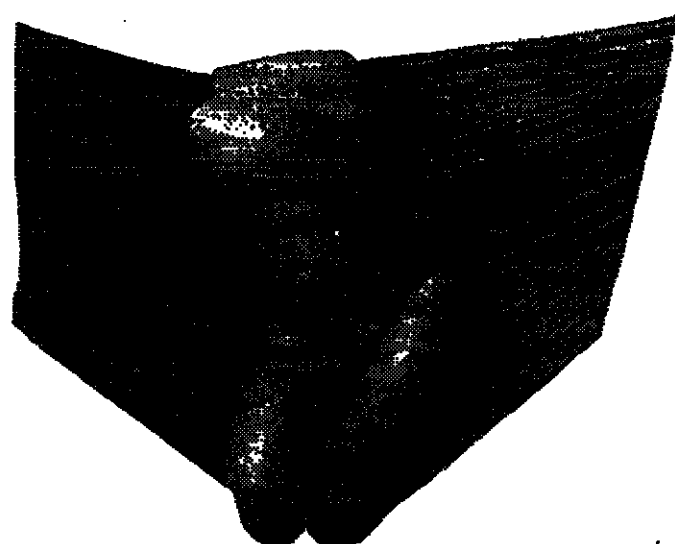
Press, Nohra Haime and Texbraun galleries from the United States, Due Ci, Eva Menzio and Ca d'Oro from Italy, Blanche from Sweden, and Philippe Guimot from Belgium, the latter with two Italian painters (Armodio and Foppiani) and a Belgian sculptor (Koenraad).

Perhaps the most unusual pieces to be seen this year are the sculptures of Kratkeberg shown by the Realidade Gallery from Rio de Janeiro. Kratkeberg, who has built himself a house on top of a tree in the Amazon, is presenting wicker-like sculptures made of the great trailing vines of the jungle. The pieces are tall, the vines are tough and thick and there is an intention in this work which could be described as "ecological."

Another unexpected work is a monumental (3 meters by 4, or about 10 by 13 feet) "Descent from the Cross" by the East German Werner Tübke, presented by Toninelli. The composition is traditional with a vast landscape evocative of Flemish painters of the 16th century, but the idiom is visibly modern.

Among works of durable quality are the sculptures of the Venetian artist Cornelis Zitman (at Dina Vierny's) recent works by Henri Michaux (La Pointe Cardinale) and the handsome paintings on papyrus of Egyptian artist Adam Hénin (Paris).

For pure charm, delicate humor and aesthetic quality, there are some compositions of André François (Delphes), while for prestige we have a solid, serious Picasso show by Gmurzynska from Cologne. Tapes' authoritarian aesthetics of the random object presented by the Maeght Gallery, now known as Maeght-Lelong, in acknowledgment of the newly confirmed directorship of Daniel Lelong. For long-wearing craftsmanship there are the bronze castings of sliced or broken musical instruments — violins,



Sculpture by Cornelis Zitman at FIAC fair in Paris.

cellos and even a piano — by Arman presented by the Galerie Beaubourg.

Solid work is presented by Marlborough from New York with recent paintings by Rufino Tamayo, and the Juana Mordo gallery (Madrid) with the paintings of Juan Martinez — enigmatic human figures (sometimes faceless) in a characteristic Spanish idiom.

An interesting insight into the pre-modern period of Frank Kupka is to be discovered in studies and symbolist works presented by Karl Flinker, who is also showing some contemporary artists (Hélion, Ailland). A peculiar form of extreme French purity is to be found in the paintings of Degottex (Galerie de France) while aesthetic purity coupled with painterly sensuality is represented by the selection of Jean Fournier, presenting Sam Francis, Joan Mitchell, James Bishop, Shirley Jaffé, Pierre Buraglio, Simon Hantaf and Claude Vialat.

There is a surprising elegance in the paintings on tar paper by Rivaboren, all inspired by the dress and attitudes of the people of Ladakh, in the foothills of the Himalayas, while those who favor a cool manner will find satisfaction in the large paintings of Peter Klasen showing austere features of the industrial world in oppressive tonality.

Humor and derision are represented in various forms: broad and aggressive with the selection of the Nicholas Treadwell gallery from England, light and nostalgic with the papier-mâché sculptures of J.J. Chasse-Pot (Mathias Fels), French and anti-clerical with Alfred Courmes (Briance), clever with the trompe-l'œil works of Marilyn Levine (in ceramic) and Christian Renonciat (in wood) shown by the Alain Blondel Gallery.

Finally there is also an attractive note of mystic play in the paintings of Martin Bradley (presented by Samy King). Bradley who has one foot in Western culture and one in Japan and is English himself, makes refreshing pictures that have a touch of the mandala to them.

Many galleries have chosen to present a selection of their artists or a collection of rare items: this is the case with Waddington, Templon, Nane Stern or Boulakia, to mention but four. Overall, there are perhaps no great surprises, but there is variety and quality along with the predictable percentage of trash — but that percentage is relatively low.

## Photography Section

For the second year photography galleries are grouped together in a corner of the FIAC show, C.J. Copic reported. Their offerings range from vintage prints from the last century to young contemporary artists. Among photographs on show are works of Man Ray, Bill Brandt, Deborah Tuberville, Robert Maplesorpe, Franco Fontana and Duane Michaels.

## Restored Roman Rooms Are Reopened by Louvre

PARIS — After 12 years of complex research and renovation, the Louvre Museum has now unveiled its priceless collection of Roman sculpture that visitors once could only see by torchlight. Culture Minister Jack Lang, on hand for the long-awaited opening of rooms closed to the public since 1971, said the event marked the first phase of President François Mitterrand's ambitious project for the renovation and transformation of the entire museum.

## American Paintings: A French Connection

By William Wilson

Los Angeles Times Service

BOSTON — An art exhibition here dramatizes one of the world's longest-running affairs of the heart, the curious, fateful romance between the United States and France.

Americans persist in seeing the French as the symbol of haute culture, cuisine and couture, even though they have succumbed to fast foods, jeans and Socialism. Americans adore their snavity, while harboring a suspicion that they are snobbish and decadent.

The French, on the other hand, love the freshness of such colloquial American art forms as jazz, comics and movies. They also did not fail to notice that the center of contemporary fine art moved from Paris to New York after World War II, so there is also admiration for U.S. avant-garde art.

But the average cultivated Frenchman remains blissfully ignorant that there was American art before Abstract Expressionism. Until recently, Americans tended to view their pictorial heritage as a sincere but awkward legacy that could not quite hold up its canvas in civilized company.

An exhibition organized by the Boston Museum of Fine Arts curator, Theodore Stebbins Jr., is certain to go some way in dissolving both of these stereotypes. Titled "A New World: Masterpieces of American Painting, 1760-1910," it was put together at the suggestion of Paris's Louvre with a \$1-million grant from United Technologies Corp., said to be the biggest chunk of corporate funding ever accorded an American show. Its 110 works remain in Boston to Nov. 13, then move on to the Corcoran Gallery, Washington, from Dec. 7 to Feb. 12, 1984, and to Paris's Grand Palais from March 16 to June 11.

This is a visual spectacle worth going considerably out of one's way to see. For the French, it will be the first opportunity to scan Yankee art since a big Museum of Modern Art show in 1938. It also offers a chance to see more American superstar paintings in one place than is likely to be afforded again for some time.

The most jaded cynic is going to have a hard time disparaging an ensemble that includes John Singleton Copley's "Watson and the Shark," Gilbert Stuart's best-known image of George and Martha Washington, John Vanderlyn's "Ariadne Asleep on the Island of Naxos," Asher B. Durand's "Kindred Spirits," George Caleb Bingham's "Boatmen on the Missouri,"

Winslow Homer's "Snap the Whip," the painting known as "Whistler's Mother," John Singer Sargent's "Madame X" and Thomas Eakins' "The Gross Clinic" — to mention just a few.

"Well," says the connoisseur one-upman, "what about Charles Wilson Peale's Staircase Group and Frederic Edwin Church's astonishing 'The Iceberg'?" As a matter of fact, those pictures will join the exhibition in Paris.

The compendium has such panoramic sweep that it is hard to say just what it is about. Since it is directed partly to a French audience, it naturally addresses the question of why, after all this time, the art of the United States' "old masters" remains a blank space on the French cultural map.

As the cradle of a great tradition of visual art since the 17th century, France is understandably proud of the native vintage. If the French have been a trifle myopic while admiring their own image in the mirror, that is forgivable. And if by the remotest chance one found a few useful ideas in the rude painting of some Colonial idiot savant, why admit it?

The painter Benjamin West was born in Springfield, Pennsylvania, in 1738. He settled permanently in London in 1763, where he enjoyed an astonishing success as history painter to George III, as president of the Royal Academy following Sir Joshua Reynolds and as undisputed artistic leader of his generation.

His early history painting anticipated the neoclassicism that would be brought to fruition by the French genius Jacques Louis David. The vigorous style of his 1796 sketch for "Death on a Pale Horse" offended most Frenchmen, but no less a figure than Napoleon was impressed and, *voilà*, French Romanticism.

By the mid-19th century, aspiring American painters were flocking to Paris to study at the Ecole des Beaux Arts, the Académie Julien and elsewhere. Some, like Sargent and Mary Cassatt, became virtually permanent expatriates, identified in her case with the charming Impressionism of "The Bath" and in his with a kind of mid-Atlantic international manner.

Eakins made no secret of his debt to his years in France or to his teacher, Jean Léon Gérôme. Until recently, however, commentators on such Ecole-trained Americans tended to muffle the connection. Some of it was pure provincial cussedness, the rest a modernist



"Watson and the Shark" (detail), John Singleton Copley.

prejudice against the fact that most Americans in Paris had studied with conservative academicians and not with the advanced School of Paris.

Essays in the fine catalog establish at least empirical connections between such American vernacular artists as Alfred Pinkham Ryder and the French Symbolists, between Homer's monumental women in landscape and similar subjects by Claude Monet.

The exhibition leaves little doubt of the cross-fertilization between French and American art, with the debt mostly on the American side. There is something unmistakably original about the art shown in "A New World." Stebbins's version of the indigenous product presents a variation on the established dogma that the backbone of American art is a certain kind of sober, even austere realism.

Most major artists included tend to conform to and confirm this notion, while others are presented in such a way as to make U.S. art look more imaginative, idealistic and

Romantic than it has perhaps ever seemed. For example, Church's landscapes, which dominate one room, have been selected to emphasize the artist at his most expansively outrageous.

There is a suspicion that the exhibition was organized along so-called "Revisionist" lines because it includes artists who were virtually forgotten until a landmark exhibition at the National Gallery revived the work of such "Luminists" as Fitz Hugh Lane and Martin Johnson Heade.

The American colloquial manner is properly represented in examples of trompe-l'œil still life, from Raphaelle Peale's "Venus Rising from the Sea — A Deception" through William Michael Harnett and John F. Peto to John Haberle's bitter, hilarious "A Bachelor's Drawer." The inclusion of such a genre painter as William Sidney Mount is quite correct, just as is the presence of such American Impressionists as Childe Hassam — even if their cottony art doesn't match their French counterparts.

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مركز الفن











ECONOMIC SCENE

Pace of Economic Recovery in U.S. Seems to Be Fairly Well Balanced

NEW YORK — Economists see through a glass darkly when they try to measure the current pace of the recovery. The Commerce Department's "flash" report Wednesday for the current quarter showed that real gross national product — a nation's total output of goods and services, adjusted for inflation — grew at an annual rate of 7 percent. But the department cautions that, when later revisions are made, the rate may turn out to have been as low as 4.5 percent or as high as 12.5 percent.

Imagine for a moment that the moving object was the GNP but a car, and a traffic cop said: "I think you were doing 70 miles an hour, but it could have been 45 miles an hour or maybe 125 miles an hour. Anyhow, I'm giving you a ticket."

What are the speed limits for the economy's advance? Actually, they vary with phases of the business cycle. Early in a recovery, when business starts cutting inventories, GNP usually grows rapidly. There is nothing remarkable about the 9.7-percent rate of increase in the second quarter of this year or the 7-percent rate of gain in the third quarter, if that is what it proves to be.

The rate of inventory reduction in the final quarter of 1982 was a whopping \$53.7 billion. As this trend was reversed in the second quarter, when inventories were increased by \$10 billion, industrial production and the economy surged. The Commerce Department has not yet released a figure for inventories in the third quarter, but it seems clear that inventory building has continued, giving another lift to the economy.

Final sales, total output minus the accumulation of inventories, rose 9.8 percent in current dollars in the third quarter, or 6.8 percent adjusted for inflation, according to the preliminary estimates.

The expectation is that inventory building in the final quarter of the year will have less effect on the pace of the recovery because the turnaround from inventory cutting is now over. Real growth in the final quarter of this year is likely to come down to a range of 4 percent to 5 percent.

Inflation Cools Higher

Inflation is crawling upward. Pressures are building on particular sectors. Intense drought, plus the government's payment-in-kind program, has wiped out surplus stocks of grain. Steep rises in feed grain prices are causing a temporary rise in the rate of cattle slaughter, depressing meat prices, but these are likely to turn around and go much higher next year. Energy prices have been firming and, in the presence of threats of a wider war in the Middle East, anxieties about another oil shock are growing. The dollar, after its remarkable run-up against other currencies, seems to be weakening, adding to inflationary strains.

Budgetary pressures are also growing. The Soviet Union's shooting down of the Korean airliner, the intensified fighting in Lebanon, the growing U.S. involvement in Central America, the threat of civil war in the Philippines — all this and more add up to an even bigger and faster military buildup by the United States than expected.

Electoral politics in 1984, with the Democrats pressing for larger social programs to aid blacks, Hispanics-Americans, the poor and the unemployed, and the Republicans unwilling to allow their political opponents to preempt that ground, appear likely to mean a faster rise in nonmilitary spending as well.

On the tax front, President Ronald Reagan has dug himself in deeply against any significant increases. The Democrats lack zeal for fighting for big tax increases in an election year, although they will certainly make a political issue of the record deficits.

Tempering the Recovery

With these fiscal strains, the Federal Reserve is again saddled with the difficult task of tempering the recovery without killing it. The hangover of unemployment and idle capacity for the time being has lightened that task, making it easier for the Fed to accommodate huge federal deficits. Unemployment is still holding down the advance of wages and prices, and the slow revival of capital spending is holding down interest rates.

The economy is not in a boom. Orders for nonmilitary durable goods have flattened out. Housing, after a strong rise, appears to have flattened out. Auto sales, which are likely to exceed nine million vehicles this year, still appear to be rising and could hit 10.5 million next year, of which about 2.5 million are likely to be imports.

The weak recovery of the European and global economy is holding down growth in the United States. The deficit in the U.S. balance of payments on current account could exceed \$50 billion next year, up from an estimated \$36 billion this year.

Thus, in a curious way, the U.S. recovery appears to be pretty well balanced as it approaches 1984. Unemployment is moving down slowly and could hit 8 percent by Election Day. Inflation is moving up slowly, and might get back to 6 percent by then. The expansion looks fairly strong at the moment, but is likely to slow down a bit, probably to a real growth rate of about 4 percent in 1984.

Another tight-money crunch from the Fed appears improbable next year. The real risks come from abroad: risks of economic and financial disasters in debt-ridden Third World countries and risks of wars, international or civil, from Manila to San Salvador to Beirut.

New York Times Service

N.Y. Bests Chicago In Oil-Futures Race

NEW YORK — For the first time since 1974, when gold futures were introduced, a New York futures exchange has beaten a Chicago exchange at trading a new commodity contract. This year, in the first five months of competition, the New York Mercantile Exchange has leaped ahead of the Chicago Board of Trade in the trading of crude-oil futures.

The race began March 30. The Chicago Board, the world's largest commodities exchange, was ahead the first month, trading more than 30,000 contracts against 14,000 for the New York Merc. That was rapidly reversed, however, and one day last week the Chicago Board traded 51 crude-oil contracts while the New York Merc traded 1,744.

"There is nothing wrong with the CBT contract — it just hasn't caught on," said Peter Marshall, manager of products trading at American Petroleum, the Dallas-based oil refining unit of Petrofina of Brussels.

Analysts cited several reasons for the Chicago Board's inability to attract the business. The Chicago contract sometimes makes it difficult for traders to actually take delivery of the oil when they choose, the analysts said, and it is often difficult to liquidate a contract and take cash instead of oil.

They also said that there was an initial lack of local trading support on the Chicago Board floor, complicated by the oil industry's lack of familiarity with trading there.

The industry is not chiding the Chicago Board's misfortune.

"Oil people want both exchanges," said James M. Lynch, a former oil trader who heads the energy-futures trading group of Prudential-Bache Securities Inc. in Houston. "We're not talking about a foot race, but a management tool."

With about 12.5 million barrels refined in the United States daily, crude oil is considered the world's largest and most lucrative commodity. Crude-oil futures were developed to help make the price of crude more visible and to help companies hedge against price risk.

For example, if a refinery expects the cost of the crude it uses to

(Continued on Page 9, Col.3)

Texaco Agrees To Buy Socal Europe Units

WHITE PLAINS, New York — Texaco Inc. announced Friday that it had reached a tentative agreement to acquire Standard Oil Co. of California's marketing operations in six European countries, in an undisclosed price. Texaco said it would also buy Socal's stake in the Socal-Texaco Refinery near Rotterdam.

Texaco, the third-largest U.S. oil company, said the agreement was subject to further negotiations and compliance with local laws. Texaco had said earlier in the week, in response to press reports, that it was considering such an agreement with Socal, the fourth-ranked U.S. oil company.

Texaco would take over Socal marketing in Britain, West Germany, the Netherlands, Belgium, Luxembourg and Denmark. The package also calls for Texaco to acquire Socal's interests in pipeline and distribution facilities serving the Western European marketing and refining operations.

Texaco estimated that the acquisition would boost its gasoline sales in the six countries about 30 percent. Texaco's branded gasoline outlets in the region would rise to 6,000 units from 3,400.

Texaco said its European gasoline sales had risen about 6.5 percent so far this year from 1982 levels.

Texaco and Socal used to have joint Western European marketing and refining operations; these were divided between the companies in 1967.

Earlier this year Gulf Oil Corp. sold some of its European marketing interests to Kuwait Petroleum Corp.

Some North Sea Producers Irked By New BNO Oil-Pricing Proposal

LONDON — A new oil-pricing proposal Friday by British National Oil Corp. left some major North Sea oil producers grumbling.

As expected, the state-owned oil trading company recommended that the price of crude from the Brent field — Britain's most widely traded crude — remain at \$30 a barrel for the fourth quarter.

The recommendation is in line with a decision this month by the Organization of Petroleum Exporting Countries to leave its oil prices unchanged.

But BNO recommended that prices of other North Sea crudes be adjusted. In the most important proposal, BNO suggested that the price of Forties crude be raised by 15 cents, to \$29.90 a barrel.

Royal Dutch/Shell and Exxon have been pressing for an elimination of the price differential between Brent and Forties. The two companies, which are major producers of Brent, say the differential gives an unfair tax advantage to British Petroleum, the main producer of Forties.

The proposed price increase for Forties, narrowing the differential to 10 cents, appears to be a compromise. But industry sources said both sides were unsatisfied.

BP was prepared to accept an increase of only five to ten cents, the sources said. Shell and Exxon, on the other hand, will argue that the 15-cent increase reflects little more than the recent rise in quality of Forties crude. Forties recently became a blend, incorporating higher-quality crude from the South Brae field.

A well-placed source said that BP would strongly resist the 15-cent price increase. Other sources, however, noted that BNO's proposals were based on a thorough canvassing of the market and usually were approved.

At times in the past, Forties and Brent have been priced at the same level. Oil traders disagree on the comparative values of the two crudes. These depend on such factors as transport costs and the individual preferences of refiners.

BNO also proposed price increases ranging from 15 to 50 cents for various other crudes from smaller fields.

As the dominant trader in British North Sea crudes, BNO is the price leader. By law, producers must sell at least 51 percent of their output to BNO, which resells the crude to refiners. The arrangement ensures security of supply for the British government.

NYSE Prices Off Despite Bid at Rally

NEW YORK — Prices on the New York Stock Exchange lost ground and the Dow Jones industrial average slipped from record heights Friday despite a late rally attempt led by IBM and RCA.

Most analysts said investors stepped to the sidelines after the first hour, when prices were on an upswing and 32 million shares were traded.

The Dow Jones industrial average shed 1.95 to 1,255.59, but gained 29.84 for the week. It closed at record highs Tuesday and Thursday. The Dow Jones transportation average lost 5.36 to 584.33 after nearing its 52-week record high of 590.63 much of the week.

Declines edged advances 8 to 7.

NYSE volume was 93.2 million shares compared with 97.1 million Thursday. The pace slowed after the first hour, when prices were on an upswing and 32 million shares were traded.

Some profit-taking during the day, which was normal considering the big gains we had earlier this week."

American Telephone & Telegraph was the most active NYSE-listed stock, up 1 1/2 to 77 1/2. RCA, a 1 1/2-point winner Thursday, was the second-most active, up 2 1/2 to 33 1/2, after the company agreed to sell its CIT Financial unit to Manufacturers Hanover for \$1.51 billion. Manufacturers lost 1/4 to 43.

Texas Instruments lost 3/4 to 114. Commodore International 1 to 48. Warner Communications 1/2 to 22 1/2. Tandy Corp. 2 to 42 1/2. Data General 3/4 to 78 1/2. Teletype 1 1/2 to 16 1/2. Advances Micro Devices 1 1/2 to 30 1/2.

Brazilian Congress Vote Sets Back Hopes for Loans

WASHINGTON — Brazil's Congress has handed the nation's military leadership a major defeat in its attempt to hold down wage increases, a defeat that may make it harder for Brazil's government to persuade the International Monetary Fund and major international banks to resume lending.

Although the 252-1 vote late Wednesday was on a bill that is no longer essential to the government's austerity program, sources in Brazil said the defeat was an indication that an even tougher government wage-control measure, part of its latest economic package, may also be rejected next month.

The IMF and Brazil, after months of negotiations, agreed earlier this month on a new set of economic goals that Brazil has agreed to meet to reduce its need to borrow from abroad. Because Brazil, which has foreign debts of \$90 billion, fell seriously out of compliance with the initial agreement reached Feb. 28, the IMF and international banks stopped lending new money to the country May 31. Brazil is so strapped for cash that it is about \$2.5 billion behind on its interest payments to bankers. It is subsidizing its meager dollar inflows to buy oil and pay what it can on its foreign interest arrears.

While the military leadership can force the measure, or something similar, on the country, widespread opposition calls into question whether Brazil can give any lasting guarantee of fulfilling a key part of its austerity pledge to the IMF: that the government would take steps to reduce the annual inflation rate from 150 percent to 55 percent by the end of 1984.

Although an attempt to call a general strike to protest government austerity measures failed in July, labor leaders said Thursday that workers were uniting in opposition to wage restrictions and the IMF agreement.

The government measure that Brazil's Congress is expected to reject next month would hold wage increases to 80 percent of the inflation rate (inflation is now 100 percent). The measure rejected Wednesday would have exempted lower-wage workers from the 80-percent restriction.

Brazilian opposition leaders have called for a moratorium on repayment of foreign debts, though Brazil has declined a de facto moratorium by falling behind in its interest payments. Brazil has not paid any principal in months, and banks have permitted the country to fall into arrears without taking steps to force it into default.

A formal declaration of a moratorium is considered unacceptable by the Brazilian government because the nation would not only be cut off from new money, as it is now, but would probably have trouble getting the trade financing it needs to export and import essential items, such as oil. But observers worry that internal politics might force Brazil's leadership into such a posture.

Meanwhile, Mexico announced Thursday that it would pay by mid-December \$560 million in overdue interest that its private companies owe foreign bankers.

Because Mexico did not have enough dollars to pay interest on both its public and private debts between August 1982 and January 1983, companies made peso deposits in the Mexican central bank in lieu of paying dollars to foreign banks.

The country said Thursday that it would convert half those peso deposits into dollars to repay the banks Sept. 30 and would convert the rest by Dec. 15.

Inflation in U.S. Climbed at 5.3% Rate in August

WASHINGTON — Consumer prices, led by sharp increases in the cost of gasoline and rising food prices, rose 0.4 percent in August, a moderate increase that should keep the economic recovery on track, the U.S. government said Friday.

Consumer prices moved up last month by the same amount as they did in July, bringing the inflation rate as measured by the Consumer Price Index to an annualized growth of 5.3 percent, the Labor Department said. Despite the moderate increase in inflation, some economists are revising upward their forecasts for prices for next year, partly because of the higher money-supply growth allowed by the Federal Reserve Board in the nine months through June.

Some other economists, who said one reason for the low rise in inflation this year was slow increases in wage rates, said that now with the economy improving wage demands could start to grow.

"Now many analysts feel that wage restraint is about over," said a monthly report by Morgan Guaranty Trust Co. of New York. "The consensus is that wage rate increases will soon start climbing and could reach a 6-percent pace next year."

But there is still 9.5 percent unemployment and room for growth in the economy before wage rates should start to rise.

"We're about on track for inflation right now," said Andrew Brimmer, a former member of the Fed. "All of 1984, the rate will be what it has been" — about 5 percent. "I'm not in the crowd that says 6 to 7 percent."

The Commerce Department's chief economist, Robert Ortner, said inflation was proceeding "a little bit faster than what we had some months ago," but maintained that price increases were not worrying the Reagan administration. "It's possible inflation will pick up in the future, but not more than 5 percent in 1984."

Meat prices, as expected, were down last month because many animals were slaughtered as a result of the summer's drought, which ruined feed crops and led to sharp increases in the price of feed. Many economists said the meat price decrease was expected to be short-lived as meat shortages arise in the coming months.

Vegetable prices, also affected by the drought, jumped 5.8 percent last month after rising 0.3 percent in July. Fresh fruit prices dropped 2.1 percent. Wholesale prices for grains and other staples shot up nearly 4 percent in August, which means higher food costs this autumn and winter as these gains are incorporated into the prices of finished goods.

Prices for new cars shot up 0.8 percent last month after no increase in July and used car prices soared 1.8 percent in August after climbing 1.5 percent the previous month.

Fed Says M-1 Dived In Week

NEW YORK — The narrowest measure of the U.S. money supply plunged \$3.1 billion in the latest week, almost double the drop expected. The drop raised hopes for a small decline in short-term interest rates in the weeks ahead.

"The latest drop means that money-supply growth in September is almost negligible," said economist Leonard Santow of Griggs and Santow Inc. "We don't see a change in Fed policy right away, but money supply now leaves room for fine tuning toward a more accommodative stance."

Bond markets performed well the latter half of the week, encouraged by a lower federal funds rate and anticipation of a \$1 billion-\$2 billion drop in money supply. The Fed's response means the rally should continue next week.

After the report, the dollar slipped in late New York trading to 2.6532 Deutsche marks from 2.6724 Thursday.

"It was about twice the decline expected," said David M. Jones, economist at Aubrey G. Lamson & Co., of the M-1 report. "The new level of money supply at \$515.4 billion brings it into the lower half of Fed's 5-9 percent growth range and certainly at the very least will cause the Fed to maintain a stable policy."

The federal funds rate, the overnight interest rate that banks charge each other, traded below 9 percent Friday, but neither Mr. Santow nor Mr. Jones believe that it represented an easing by the Fed.

Mr. Jones believes that speculation that the Fed has eased policy is "premature" and that the funds will trade in the 9 1/2-9 3/4 area in the weeks immediately ahead.

"The Fed probably would like to see the funds down around 9 percent," Mr. Santow said. "We're probably heading down towards that level, and there could be some more fine tuning in the 9 1/2 percent area. But we're not there yet, and it could be a matter of weeks before we are."

M-1, comprised of cash and money in checking and similar accounts — or money that is available for immediate spending — was a seasonally adjusted average of \$515.4 billion in the week ended Sept. 14.

RCA to Sell CIT to Bank

NEW YORK — Manufacturers Hanover Corp. and RCA Corp. approved an agreement in principle Friday for Manufacturers Hanover to acquire RCA's CIT Financial Corp. in a \$1.51-billion transaction, RCA said. The purchase would be the largest ever for a bank-holding company.

The transaction would not include the insurance subsidiaries of CIT, RCA said. But it said that, while the subsidiaries would not be part of this transaction, they would be offered for sale.

RCA also said that it did not expect that the CIT sale, together with the sale of the other insurance subsidiaries, would result in any material gain or loss for RCA.

Under terms of the agreement, Manufacturers would pay RCA \$460 million in cash, plus \$150 million in adjustable-rate preferred stock, \$100 million in convertible and adjustable-rate preferred stock and \$800 million of eight-year senior installment notes.

The adjustable-rate preferred stock will have a 10-percent annual dividend for the first two years.

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CURRENCY RATES

Interbank exchange rates for Sept. 23, excluding bank service charges

	\$	DM	FF	Y	Sw	Sc	DK	N	S
Australian	2.07	11.80	34.85	1.37	10.75	1.37	10.75	1.37	10.75
Brussels	2.07	11.80	34.85	1.37	10.75	1.37	10.75	1.37	10.75
Frankfurt	2.07	11.80	34.85	1.37	10.75	1.37	10.75	1.37	10.75
London	1.00	2.00	6.56	1.37	10.75	1.37	10.75	1.37	10.75
Madrid	167.00	2.07	11.80	34.85	1.37	10.75	1.37	10.75	1.37
New York	1.00	2.00	6.56	1.37	10.75	1.37	10.75	1.37	10.75
Paris	6.56	1.37	10.75	1.37	10.75	1.37	10.75	1.37	10.75
Stockholm	1.37	10.75	1.37	10.75	1.37	10.75	1.37	10.75	1.37
Switzerland	1.37	10.75	1.37	10.75	1.37	10.75	1.37	10.75	1.37
1 USD	1.00	2.00	6.56	1.37	10.75	1.37	10.75	1.37	10.75
1 EUR	1.00	2.00	6.56	1.37	10.75	1.37	10.75	1.37	10.75

(A) Commercial bank (B) Amount needed to buy one pound (C) Units of 100 (D) Units of 1,000 (E) Not quoted (F) Not available

INTEREST RATES

Eurocurrency Deposits Sept. 23

	1M	3M	6M	1Y	2Y	3Y	5Y	10Y
1M	10 1/4	10 1/4	10 1/4	10 1/4	10 1/4	10 1/4	10 1/4	10 1/4
3M	10 1/4	10 1/4	10 1/4	10 1/4	10 1/4	10 1/4	10 1/4	10 1/4
6M	10 1/4	10 1/4	10 1/4	10 1/4	10 1/4	10 1/4	10 1/4	10 1/4
1Y	10 1/4	10 1/4	10 1/4	10 1/4	10 1/4	10 1/4	10 1/4	10 1/4
2Y	10 1/4	10 1/4	10 1/4	10 1/4	10 1/4	10 1/4	10 1/4	10 1/4
3Y	10 1/4	10 1/4	10 1/4	10 1/4	10 1/4	10 1/4	10 1/4	10 1/4
5Y	10 1/4	10 1/4	10 1/4	10 1/4	10 1/4	10 1/4	10 1/4	10 1/4
10Y	10 1/4	10 1/4	10 1/4	10 1/4	10 1/4	10 1/4	10 1/4	10 1/4

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**AMSTERDAM DEPOSITORY COMPANY N.V.**  
Amsterdam, 15th September 1983.

**ALEXANDER FUND**  
Société Anonyme d'Investissement  
Luxembourg, 37, rue Notre-Dame  
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**Notice of Annual General Meeting**

Notice is hereby given that the Annual General Meeting of the Shareholders of Alexander Fund, a société anonyme organized under the laws of the Grand-Duchy of Luxembourg (the "Fund") will be held at the offices of Kredietbank S.A., Luxembourg, 43, Boulevard Royal, Luxembourg, at 11.00 a.m., on October 4th, 1983, specifically for the following purposes:

1. Approval of the reports of the Board of Directors and of the Statutory Auditor.
2. Approval of the balance sheet and profit and loss account as at June 30th, 1983.
3. Discharge to the Directors and the Statutory Auditor in respect of the fiscal year ended June 30th, 1983.
4. Election of Directors and a Statutory Auditor.
5. Miscellaneous business.

The conduct of the Shareholders' Meeting shall be governed by the quorums required by law. Resolutions at the Shareholders' Meeting shall be passed by a simple majority of those present and voting, except as otherwise required by law. Subject to the limitations imposed by law and the Articles of Incorporation of the Fund, each share is entitled to one vote. A Shareholder may act at any Meeting by proxy.

The Board of Directors

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NYSE Most Actives					
	Vol.	High	Low	Close	Chg.
ATT	970	47 1/2	47 1/8	47 1/4	+ 1/8
RCA	1240	23 1/2	23 1/8	23 1/4	+ 1/8
IBM	1290	118 1/2	118 1/8	118 1/4	- 1/8
Microsoft	1817	37 1/2	37 1/8	37 1/4	+ 1/8
Novell	1168	21 1/2	21 1/8	21 1/4	+ 1/8
Intel	1170	32 1/2	32 1/8	32 1/4	+ 1/8
Primics	827	18 1/2	18 1/8	18 1/4	+ 1/8
IBM	1170	32 1/2	32 1/8	32 1/4	+ 1/8
Gen'l S	954	37 1/2	37 1/8	37 1/4	+ 1/8
Gen'l S	912	30 1/2	30 1/8	30 1/4	+ 1/8
Gen'l S	900	28 1/2	28 1/8	28 1/4	+ 1/8
Gen'l S	722	31 1/2	31 1/8	31 1/4	+ 1/8
Gen'l S	722	31 1/2	31 1/8	31 1/4	+ 1/8
Avon	760	42 1/2	42 1/8	42 1/4	+ 1/8
Novell	1210	32 1/2	32 1/8	32 1/4	+ 1/8
Tandem	610	46 1/2	46 1/8	46 1/4	+ 1/8
BKBS	610	37 1/2	37 1/8	37 1/4	+ 1/8

Dow Jones Averages					
	Open	High	Low	Close	Chg.
Indus	12138	12155	12124	12138	+139
Trans	3984	3993	3979	3982	+13
Comp	3022	3041	3017	3022	+182

NYSE Index					
	High	Low	Close	Chg.	
Composite	1142.30	1142.30	1142.30	+0.00	
Indus	1142.30	1142.30	1142.30	+0.00	
Trans	1142.30	1142.30	1142.30	+0.00	
Comp	1142.30	1142.30	1142.30	+0.00	

NYSE Diaries					
	Advanced	Declined	Unchanged	New Highs	Volume
	776	776	627	100	1,000,000
	776	776	627	100	1,000,000
	776	776	627	100	1,000,000
	776	776	627	100	1,000,000

Odd-Lot Trading in N.Y.					
	Sept. 21	Buy	Sell	N.Y.	
	Sept. 21	175,451	409,357	1,311	
	Sept. 21	199,875	419,381	1,267	
	Sept. 21	199,875	419,381	1,267	
	Sept. 21	199,875	419,381	1,267	

AMEX Most Actives					
	Vol.	High	Low	Close	Chg.
Advanced	262	25 1/2	25 1/8	25 1/4	+ 1/8
Declined	262	25 1/2	25 1/8	25 1/4	+ 1/8
Unchanged	219	24 1/2	24 1/8	24 1/4	+ 1/8
Finance	133	21 1/2	21 1/8	21 1/4	+ 1/8
New Highs	1	18 1/2	18 1/8	18 1/4	+ 1/8
New Lows	1	18 1/2	18 1/8	18 1/4	+ 1/8
Volume up	2,371,305				
Volume down	4,856,375				

NASDAQ Index					
	Close	Chg.	Week Ago	Year Ago	
Composite	3061.1	+13.9	2982.7	1884.1	
Indus	3061.1	+13.9	2982.7	1884.1	
Trans	3061.1	+13.9	2982.7	1884.1	
Comp	3061.1	+13.9	2982.7	1884.1	

AMEX Stock Index					
	High	Low	Close	Chg.	
Dow Jones	227.79	226.93	226.93	-0.86	

Friday's NYSE Closing					
	Vol. of 4 p.m.	92,100,000			
	Prev. 4 p.m. Vol.	97,450,000			
	Prev Consolidated Close	116,638,140			
Tables include the nationwide prices up to the closings on Wall Street					

Standard & Poor's Index					
	High	Low	Close	Chg.	
Industrials	192.9	189.2	191.3	-0.14	
Transp.	32.33	31.71	31.90	0.14	
Utilities	145.5	144.5	145.0	-0.05	
Finance	19.40	19.01	19.11	-0.22	
Composite	171.85	169.01	169.51	-0.39	

Dow Jones Bond Averages					
	Close	Chg.			
Bonds	71.67	+0.34			
Utilities	69.97	+0.34			
Industrials	73.62	+0.31			

# Friday's NYSE Closing

Vol. 4.4M. 92,180,000  
Prev. 4 p.m. Vol. 77,850,000  
Prev. Consolidated Close 116,538.140

Tables include the nationwide prices up to the closing on Wall Street

12 Month High	Low	Stock	Div.	Yld.	PE	52 High	52 Low	Close	Chg.
17.14	16.92	AA				17.14	16.92	16.92	-0.02
17.14	16.92	AB				17.14	16.92	16.92	-0.02
17.14	16.92	AC				17.14	16.92	16.92	-0.02
17.14	16.92	AD				17.14	16.92	16.92	-0.02
17.14	16.92	AE				17.14	16.92	16.92	-0.02
17.14	16.92	AF				17.14	16.92	16.92	-0.02
17.14	16.92	AG				17.14	16.92	16.92	-0.02
17.14	16.92	AH				17.14	16.92	16.92	-0.02
17.14	16.92	AI				17.14	16.92	16.92	-0.02
17.14	16.92	AJ				17.14	16.92	16.92	-0.02
17.14	16.92	AK				17.14	16.92	16.92	-0.02
17.14	16.92	AL				17.14	16.92	16.92	-0.02
17.14	16.92	AM				17.14	16.92	16.92	-0.02
17.14	16.92	AN				17.14	16.92	16.92	-0.02
17.14	16.92	AO				17.14	16.92	16.92	-0.02
17.14	16.92	AP				17.14	16.92	16.92	-0.02
17.14	16.92	AQ				17.14	16.92	16.92	-0.02
17.14	16.92	AR				17.14	16.92	16.92	-0.02
17.14	16.92	AS				17.14	16.92	16.92	-0.02
17.14	16.92	AT				17.14	16.92	16.92	-0.02
17.14	16.92	AV				17.14	16.92	16.92	-0.02
17.14	16.92	AW				17.14	16.92	16.92	-0.02
17.14	16.92	AX				17.14	16.92	16.92	-0.02
17.14	16.92	AY				17.14	16.92	16.92	-0.02
17.14	16.92	AZ				17.14	16.92	16.92	-0.02
17.14	16.92	BA				17.14	16.92	16.92	-0.02
17.14	16.92	BB				17.14	16.92	16.92	-0.02
17.14	16.92	BC				17.14	16.92	16.92	-0.02
17.14	16.92	BD				17.14	16.92	16.92	-0.02
17.14	16.92	BE				17.14	16.92	16.92	-0.02
17.14	16.92	BF				17.14	16.92	16.92	-0.02
17.14	16.92	BG				17.14	16.92	16.92	-0.02
17.14	16.92	BH				17.14	16.92	16.92	-0.02
17.14	16.92	BI				17.14	16.92	16.92	-0.02
17.14	16.92	BJ				17.14	16.92	16.92	-0.02
17.14	16.92	BK				17.14	16.92	16.92	-0.02
17.14	16.92	BL				17.14	16.92	16.92	-0.02
17.14	16.92	BM				17.14	16.92	16.92	-0.02
17.14	16.92	BN				17.14	16.92	16.92	-0.02
17.14	16.92	BO				17.14	16.92	16.92	-0.02
17.14	16.92	BP				17.14	16.92	16.92	-0.02
17.14	16.92	BQ				17.14	16.92	16.92	-0.02
17.14	16.92	BR				17.14	16.92	16.92	-0.02
17.14	16.92	BS				17.14	16.92	16.92	-0.02
17.14	16.92	BT				17.14	16.92	16.92	-0.02
17.14	16.92	BV				17.14	16.92	16.92	-0.02
17.14	16.92	BW				17.14	16.92	16.92	-0.02
17.14	16.92	BX				17.14	16.92	16.92	-0.02
17.14	16.92	BY				17.14	16.92	16.92	-0.02
17.14	16.92	BZ				17.14	16.92	16.92	-0.02
17.14	16.92	CA				17.14	16.92	16.92	-0.02
17.14	16.92	CB				17.14	16.92	16.92	-0.02
17.14	16.92	CC				17.14	16.92	16.92	-0.02
17.14	16.92	CD				17.14	16.92	16.92	-0.02
17.14	16.92	CE				17.14	16.92	16.92	-0.02
17.14	16.92	CF				17.14	16.92	16.92	-0.02
17.14	16.92	CG				17.14	16.92	16.92	-0.02
17.14	16.92	CH				17.14	16.92	16.92	-0.02
17.14	16.92	CI				17.14	16.92	16.92	-0.02
17.14	16.92	CJ				17.14	16.92	16.92	-0.02
17.14	16.92	CK				17.14	16.92	16.92	-0.02
17.14	16.92	CL				17.14	16.92	16.92	-0.02
17.14	16.92	CM				17.14	16.92	16.92	-0.02
17.14	16.92	CN				17.14	16.92	16.92	-0.02
17.14	16.92	CO				17.14	16.92	16.92	-0.02
17.14	16.92	CP				17.14	16.92	16.92	-0.02
17.14	16.92	CQ				17.14	16.92	16.92	-0.02
17.14	16.92	CR				17.14	16.92	16.92	-0.02
17.14	16.92	CS				17.14	16.92	16.92	-0.02
17.14	16.92	CT				17.14	16.92	16.92	-0.02
17.14	16.92	CV				17.14	16.92	16.92	-0.02
17.14	16.92	CW				17.14	16.92	16.92	-0.02
17.14	16.92	CX				17.14	16.92	16.92	-0.02
17.14	16.92	CY				17.14	16.92	16.92	-0.02
17.14	16.92	CZ				17.14	16.92	16.92	-0.02
17.14	16.92	DA				17.14	16.92	16.92	-0.02
17.14	16.92	DB				17.14	16.92	16.92	-0.02
17.14	16.92	DC				17.14	16.92	16.92	-0.02
17.14	16.92	DD				17.14	16.92	16.92	-0.02
17.14	16.92	DE				17.14	16.92	16.92	-0.02
17.14	16.92	DF				17.14	16.92	16.92	-0.02
17.14	16.92	DG				17.14	16.92	16.92	-0.02
17.14	16.92	DH				17.14	16.92	16.92	-0.02
17.14	16.92	DI				17.14	16.92	16.92	-0.02
17.14	16.92	DJ				17.14	16.92	16.92	-0.02
17.14	16.92	DK				17.14	16.92	16.92	-0.02
17.14	16.92	DL				17.14	16.92	16.92	-0.02
17.14	16.92	DM				17.14	16.92	16.92	-0.02
17.14	16.92	DN				17.14	16.92	16.92	-0.02
17.14	16.92	DO				17.14	16.92	16.92	-0.02
17.14	16.92	DP				17.14	16.92	16.92	-0.02
17.14	16.92	DQ				17.14	16.92	16.92	-0.02
17.14	16.92	DR				17.14	16.92	16.92	-0.02
17.14	16.92	DS				17.14	16.92	16.92	-0.02
17.14	16.92	DT				17.14	16.92	16.92	-0.02
17.14	16.92	DV				17.14	16.92	16.92	-0.02
17.14	16.92	DW				17.14	16.92	16.92	-0.02
17.14	16.92	DX				17.14	16.92	16.92	-0.02
17.14	16.92	DY				17.14	16.92	16.92	-0.02
17.14	16.92	DZ				17.14	16.92	16.92	-0.02
17.14	16.92	EA				17.14	16.92	16.92	-0.02
17.14	16.92	EB				17.14	16.92	16.92	-0.02
17.14	16.92	EC				17.14	16.92	16.92	-0.02
17.14	16.92	ED				17.14	16.92	16.92	-0.02
17.14	16.92	EE				17.14	16.92	16.92	-0.02
17.14	16.92	EF				17.14	16.92	16.92	-0.02
17.14	16.92	EG				17.14	16.92	16.92	-0.02
17.14	16.92	EH				17.14	16.92	16.92	-0.02
17.14	16.92	EI				17.14	16.92	16.92	-0.02
17.14	16.92	EJ				17.14	16.92	16.92	-0.02
17.14	16.92	EK				17.14	16.92	16.92	-0.02
17.14	16.92	EL				17.14	16.92	16.92	-0.02
17.14	16.92	EM				17.14	16.92	16.92	-0.02
17.14	16.92	EN				17.14	16.92	16.92	-0.02
17.14	16.92	EO				17.14	16.92	16.92	-0.02
17.14	16.92	EP				17.14	16.92	16.92	-0.02
17.14	16.92	EQ				17.14	16.92	16.92	-0.02
17.14	16.92	ER				17.14	16.92	16.92	-0.02
17.14	16.92	ES				17.14	16.92	16.92	-0.02
17.14	16.92	ET				17.14	16.92	16.92	-0.02
17.14	16.92	EU				17.14	16.92	16.92	-0.02
17.14	16.92	EV				17.14	16.92	16.92	-0.02
17.14	16.92	EW				17.14	16.92	16.92	-0.02
17.14	16.92	EX				17.14	16.92	16.92	-0.02
17.14	16.92	EY				17.14	16.92	16.92	-0.02
17.14	16.92	EZ				17.14	16.92	16.92	-0.02
17.14	16.92	FA				17.14	16.92	16.92	-0.02
17.14	16.92	FB				17.14	16.92	16.92	-0.02
17.14	16.92	FC				17.14	16.92	16.92	-0.02
17.14	16.92	FD				17.14	16.92	16.92	-0.02
17.14	16.92	FE				17.14	16.92	16.92	-0.02
17.14	16.92	FF				17.14	16.92	16.92	-0.02
17.14	16.92	FG				17.14	16.92	16.92	



## BUSINESS BRIEFS

### BL Posts 1st Trading Profit in 4 Years And a Big Narrowing of Its Net Loss

LONDON (IHT) — BL, the state-owned automaker being groomed for eventual sale to private investors, reported Friday its first trading profit in four years.

Profit before interest and tax in the first half was £1.3 million (about \$2 million), compared with a year-earlier loss of £61.3 million. After taking into account interest, tax and extraordinary items, BL showed a net loss of £48.4 million, compared with £143.4 million a year before. Sales rose 15 percent to £1.67 billion.

Despite the better-than-expected results, BL was guarded on prospects for the full year, saying that overseas demand is unlikely to improve significantly in the second half. The company added that "it remains the board's objective to approach break-even, for 1983 as a whole, at the level of profit before interest, tax and extraordinary items."

### Sale of BP Shares Is Oversubscribed

LONDON (Reuters) — Investors swamped banks Friday with offers to buy government shares in British Petroleum, forcing the sale to close heavily oversubscribed 60 seconds after it began. On the London Stock Exchange, BP shares rose to close at 434 pence, up from 430 Thursday. The Bank of England, the government's agent in the sale, said the final price and the basis of allocation would be announced Monday. The sale — the second of BP shares by the government, and underwritten by major financial institutions at a minimum price of 405 pence a share — will cut the government stake in BP from 39 percent to 32 percent.

Stock market sources said there might be six times as many offers as shares. Some said the sale could raise as much as £560 million (£840 million), more than £30 million above the amount expected. The government had put 130 million ordinary shares out for tender.

### Volvo Won't Raise Car Production

STOCKHOLM (Reuters) — Despite a recent jump in sales, Volvo of Sweden does not plan to increase production of its cars for fear of being saddled with excess capacity if demand falls again.

"We will not go up to peak production to meet peak demand because we had rather be healthy on demand rather going down again," Volvo's chairman, Per Gyllenhammar, said Thursday night. Mr. Gyllenhammar said Volvo would continue to invest in its energy subsidiaries, concentrating on oil and gas exploration. He said one reason why Volvo had diversified so much over the last decade was that it was aware that the car market was extremely cyclical.

Car sales jumped 51 percent in value in the first half of 1983 and accounted for about one-third of the group's turnover of 49.9 billion kronor (\$6.3 billion), according to Volvo's interim report.



Per Gyllenhammar

### Apple Expects Profit Drop in Quarter

NEW YORK (NYT) — Apple Computer Inc. said that earnings for its fiscal fourth quarter ending Sept. 30 would be "sharply lower" than a year earlier.

The company on Thursday said profit for the fiscal year would be up 25 to 30 percent from a year earlier, when it earned \$61.5 million, or \$1.06 a share. That indicates its earnings for the fourth quarter would be down 35 to 75 percent from a year earlier, when Apple earned \$18.7 million, or 32 cents a share.

Analysts had generally been estimating that Apple would earn \$1.50 to \$1.65 a share for the current fiscal year, and 30 cents to 45 cents in the fourth quarter. Instead, it appears the company will earn only \$1.28 to \$1.34 for the year and 8 cents to 14 cents for the quarter.

### FCC Approves New Coleco Computer

WEST HARTFORD, Conn. (UPI) — Coleco Industries said Thursday it has received approval from the Federal Communications Commission to sell its highly publicized Adam home-computer system. It is expected to be on store shelves next month.

The Adam is a package containing a tape driven memory unit, keyboard and letter-quality printer. It is expected to sell for about \$700, and already has been delayed twice in its delivery schedule. Coleco had hoped to sell 500,000 units this year.

### U.S. Workers' Earnings Fell in August

WASHINGTON (Reuters) — The average weekly earnings of U.S. production workers declined a seasonally adjusted 1.2 percent in August from July, the Labor Department said Friday. Last month's decrease was the largest since a 1.3 percent drop in January 1982. In July, real average weekly earnings decreased a revised 0.3 percent instead of the 0.1 percent reported a month ago.

## Disclosure Rules Eased On Perks of Executives

By Kenneth B. Noble, New York Times Staff Writer

WASHINGTON — The Securities and Exchange Commission has reduced the amount of information about management compensation that companies must disclose. The new rule is effective immediately.

By a vote of 5 to 0, the commission Thursday decided that publicly held corporations must continue to report the cash compensation of senior officers but may withhold details of such perquisites as the use of company planes, cars, apartments or club memberships. Executive compensation typically is disclosed in annual reports, which such companies must issue to stockholders, and in filings with the SEC.

The commission also voted to require companies to report the value of executive stock options only when they are granted and when they are exercised. Until now they have been reported each year. The rule changes adopted Thursday, which are part of the commission's deregulation efforts, are intended to lower the costs of preparing proxy statements and to make them easier to read.

In a separate action, the commission increased to \$7.5 million the maximum value of a public offering of stock that can be registered on the agency's so-called short form. The limit has been \$5 million. Under the new disclosure requirements, executive perquisites do not have to be disclosed at all unless their value equals \$25,000 or 10 percent of cash pay — whichever is less.

The agency also exempted per-

quisites that do not represent an additional out-of-pocket cost to the company even if they are of value to an executive, for example, a ride for a spouse on a corporate aircraft. Currently, companies must report all executive perquisites, regardless of value. Since 1978 the SEC has required companies to report this information in a proxy statement table listing salary and cash bonuses, as well as pension plans and other non-cash remuneration.

From now on, the table will show only cash compensation — salary and bonuses.

## Mexico Starts Controlled Peso Decline

By Chris Angelo

The Associated Press

MEXICO CITY — Mexico began Friday to devalue its peso at a controlled daily rate equal to 32 percent annually, the nation's central bank announced, squelching widespread rumors that the peso value would plunge before the end of the year.

In its announcement Thursday, Banco de Mexico said the decline in the peso's value would allow the nation to follow a policy of reducing interest rates and inflation without hurting rates of return on deposits.

Inflation was officially estimated at 98 percent for 1982 and was 54 percent for the first eight months of this year, for an annual rate of about 80 percent.

The latest plan also appeared aimed at building confidence and quashing rumors of a devaluation. The peso was devalued three times last year. The new move also was expected to maintain government control over the purchase of foreign currency by business.

The peso, now pegged at 149.10 to the dollar, will slide 13 cents a day, seven days a week, the bank said. A dollar would be worth 162.10 pesos by year's end and 196.57 pesos a year from now. There are 100 centavos to one peso.

The rate of slide of the free exchange rate will be uniform as long as the circumstances that have determined it do not change," the bank said. "If it is necessary to change it, whether it is to raise it or lower it, that will be done gradually and in a way consistent with the policy to avoid abrupt change in the exchange rate."

The devaluation applies to the so-called free market rate, which actually is government-supported. A lower controlled rate, currently at 130.85, is used for international trade and foreign debt payments and has been sliding at 15 centavos a day since Dec. 20, drawing closer to the higher rate.

The bank said the difference between the two rates has helped it rebuild its foreign-currency reserves and begin to restore confidence in the country's economy at home and abroad.

Plans call for the rates to converge, but the bank said a rapid reduction in the current 14 percent difference between them "could increase the demand for foreign currency in the free market and reduce the favorable currency balance."

## N.Y. Outscores Chicago in Oil-Futures Contracts

(Continued from Page 7) increase between now and December, it might buy a crude contract on the futures exchange, which gives the refinery the right to receive the oil at a fixed price in three months. If the price of crude rises, the value of the contract increases and the refinery can sell the contract, using the profit to offset its higher crude cost.

The futures markets, however, are not yet trading enough contracts to support the hedging needs of large companies. A developing market needs speculators first to risk their capital. Typically, with any new contract, it is the floor population or local traders who keep the contract alive by generating volume until the industry accepts the product and begins to trade it. At the Chicago Board this summer, it "looks like the locals gave up," said Mr. Marshall. He said the local traders took their business to the corn and soybean pits, where the prices were more volatile and the potential profits greater.

The New York Merc succeeded at this, Mr. Gumm said, because it already had active oil-products contracts.

In Chicago, simply taking delivery on the oil products confused some traders. On those contracts, the buyer pays for the oil and is

given a receipt, not the oil. To collect the oil the buyer must present the receipt to the supplier 11 days before delivery. The buyer pays for storage during this time and may even collect the oil from a different person.

The New York Merc has a "wet" delivery procedure. The person seeking the oil posts cash or Treasury bills for the entire amount of the contract with a brokerage firm. Oil is delivered two days later and then the seller is paid. "So far the trade has been unwilling to educate itself about the different delivery distinctions," Mr. Gumm said.

He, like several other executives in the oil industry, are dismayed by the weak performance of the Chicago Board contract. They need a

## Analytical Blunders that Mean Fortunes

IOG Builds Equity on Repeated Errors of Myopic Observers

There was a mid-September headline in a U.S. national daily which said: "Small-company shareout begins." IOG had seen the shareout in action ranging from the stock market to the bond market and had been buying the same stocks that were suddenly liquidated in volume by holders who thought the correction was just starting. We were doing the same thing during the last four years, resulting from analytical blunders of another rise in interest rates. Every time we've moved into monetary futures (bills, bonds, Ginnie) during such a panic, the instruments have subsequently climbed while rates have confounded the alarmists by dropping again. This has led to coups in any number of groups — including GOLD — where followers of the wrong signals have moved the wrong way in order to create greater opportunities for an informed few in areas ranging from integrated circuitry to word processing. For complementary coverage crammed into a weekly chart-illustrated Growth report, simply telephone, telex or return the coupon — rushing if you want newest views re Apple, Control Data, Cray and Texas Instruments.

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## Bonn Trade Surplus Rose in August, But Current-Account Deficit Swelled

Reuters

WIESBADEN, West Germany — West Germany's trade surplus rose to 2.5 billion Deutsche marks (\$935.5 million) in August from an unrevised 2.2-billion-DM surplus in July, the Federal Statistics Office said Friday.

But the current-account deficit, a wider measure that includes trade in merchandise and in nonmerchandise items, widened to a provisional 3.4 billion DM in August from a revised 3.2-billion-DM deficit in July.

In August 1982, the current account showed a deficit of 2.9 billion DM and the trade account a surplus of 2.7 billion DM.

In 1983's first eight months, the current-account deficit totaled 400 million DM, while the trade surplus was 26.8 billion DM. The current-account deficit was 3.5 billion DM in 1982's first eight months, and the trade surplus was 30.9 billion DM.

Imports in August fell to a provisional 29.9 billion DM from 31.03 billion DM in July, while exports rose to 32.43 billion DM from 33.18 billion DM. The office said imports in the first eight months rose 0.1 percent in value from a year earlier to 250.6 billion DM, and exports fell 1 percent to 277.4 billion DM.

## Amex, Allegheny May Plan Merger

By Robert J. Cole

New York Times Service

NEW YORK — Allegheny Corp. may be planning to merge with American Express Co. in a transaction valued as high as \$1 billion.

On Thursday, Allegheny shares rose sharply on the New York Stock Exchange on rumors that the two companies were having discussions.

Wall Street sources said information was sketchy because tight secrecy had been imposed on the talks, but they understood that top executives of both companies were meeting at American Express's New York headquarters overlooking the East River.

Last July, after widely circulated advance reports, the two companies announced plans for American Express to buy Investors Diversified Services, Allegheny's financial-service subsidiary, for slightly

more than \$1 billion of American Express stock. But American Express called off the transaction on Aug. 16, saying the price was too high.

At that time, however, American Express said it would be willing to proceed at a lower price. Allegheny said it was "considering alternative courses of action."

American Express said Thursday that it stood by its Aug. 16 statement that it "would be willing to proceed with a transaction but only on the basis of revised terms and conditions." Allegheny on Thursday repeated that it was considering alternatives.

Both companies had been admonished by the Securities and Exchange Commission, Wall Street sources said, because of the information leaks during the negotiations last spring. Apparently efforts are being made to prevent a recurrence.

## Reagan Clears States to Tax Profits Multinational Firms Earn Overseas

United Press International

WASHINGTON — President Ronald Reagan decided Friday that state governments can collect taxes from multinational corporations under a system that takes overseas earnings into account, despite strong opposition from U.S. companies and European trading partners, the Treasury Department announced.

The department said the administration would not file any new legal briefs that try to alter a June 27 Supreme Court ruling allowing California to tax Container Corp. of America on part of its worldwide profits, an issue known as "unitary

taxation." But it said a working group will review the situation.

Government officials said the result of the decision is to remove any chance that such a state tax, already imposed by 13 states, will be restricted in the near future.

The tax raises an estimated \$500 million a year for California and the decision is being welcomed in statehouses around the United States.

But Treasury Department officials insisted that the states will not be allowed to impose foreign investment. They said that both state governments and foreign companies representatives are being invited to Washington to work out their differences in the next several months.

Kent Conrad, who heads a Washington lobbying group for 21 state governments, said the decision was "a victory for federalism."

"The president stood firm against the special pleading who want the government to force the states to shift their tax burden off of multinationals and on to small business," he said.

More than \$750 million in revenues is at stake, he said, and many other states are eager to join in imposing the tax.

A top Treasury Department official said that until another presidential decision is made the states are free to impose the unitary-type tax.

Assistant Treasury Secretary John Chapoton said: "There are and will be no restrictions, no limitations, voluntary or otherwise, on the application of the unitary method," pending review of the policy by a special working group.

But he added that the states will

"not be allowed to continue in a way that impedes foreign investment." And, he said, the federal government was not saying it has no place in deciding the issue.

Treasury Secretary Donald T. Regan, in a statement, emphasized the coming review by a working group, which has not yet been chosen. Mr. Chapoton said he thought the group could deliver its own recommendations to Mr. Reagan sometime next year.

Mr. Regan said: "Based on a detailed Cabinet-level review, the administration has concluded that this issue can be solved only by a cooperative effort of the affected parties."

Many, but not all, domestic multinational companies oppose the unitary tax. But many state governments maintain that without it, companies can shift their income overseas and out of their taxing domain.

Besides the 13 states that already tax a portion of the worldwide rather than state income of multinational firms within their borders, another 10 use a less sweeping tax.

Under the tax, the domestic and foreign operations of a company are lumped together and then a percentage of the total is taxed to the same proportion as the company's labor costs are located in the state.

Foreign companies say the tax is a violation of several trade and commerce regulations, including the commerce clause of the U.S. Constitution and that, since U.S. labor is higher priced than labor elsewhere, they would be charged unfairly high taxes.

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